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A PREFACE TO TRADE

EXECUTIVE OFFICE OF THE PRESIDENT
UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C.

1982

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PREFACE

This publication was originally designed to provide a brief overview of the evolution of the United States' international trade policy and of the policymaking process. In republishing this material we have made every effort to be consistent and accurate in our presentation. Our purpose is to provide the private sector with a useful tool of reference in the area of foreign trade.

This material was compiled and edited by personnel in the Office of the United States Trade Representative. We are grateful to the many sources which have provided information and assistance to us in this effort.

September 1982

INTRODUCTION

The mandate of the U.S. Trade Representative has expanded greatly since the Office was established in 1963. While several federal agencies play an important role in the development of this country's trade policy, the ultimate success of our trade agreements program is increasingly dependent upon the advice of, and consultation with, those in the private sector.

In reviewing this book, which was first published in December of 1980, a special effort has been made to explain the organizational structure and the responsibilities of the various agencies which participate in the trade policymaking process within the Executive Branch.

I am particularly proud to note that this Office has six volunteer advisors from the private sector for every employee. Their information and counsel have been indispensable to our operation. I hope this guide will in turn be helpful to them and to other interested participants in the formation of our nation's trade policy.

William E. Brock
The United States Trade Representative
Washington, D.C.

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I. MAJOR TRADE AGREEMENTS

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A. Historical Overview of the Trade Agreements Program

Historical Perspective

Since 1776, United States trade policy has fluctuated in response to the economic and political exigencies of the country's development. The pre-Revolutionary experience of taxation without representation, even in the form of tariffs, made Americans suspicious of all taxation shemes. Consequently, throughout the Revoluntary War the Continental Congress was denied the power to levy taxes and was forced to depend instead upon voluntary contributions from the States.

As this situation persisted, the need for a consistently reliable source of revenue became obvious. In 1787, the drafters of the U.S. Constitution responded to this revenue problem by explicitly delegating to the federal government the "power to lay and collect taxes" and to regulate interstate and foreign commerce. James Madison, the first Speaker of the U.S. House of Representatives, introduced the first U.S. tariff bill. It became law in 1789, and its principal purpose was to raise revenue. During the debate on the Tariff Act of 1789, conflicts developed between northern industry and southern agricultural interest. The South with an agrarian economy favored a freer trade policy which would promote agricultural exports and permit the purchase of cheaper manufactured goods and machinery abroad. The North, on the other hand, guided by the philosophy of Alexander Hamilton, favored higher tariffs to protect its infant manufacturing industry. Hamilton's view prevailed; the Tariff Act of 1789 was moderately protective.

However, after the War of 1812 when foreign goods flooded the U.S. market, new demands arise for protection of U.S. industry. Although the controversy over protectionism remained intense, this issue was resolved in favor of gradually increasing tariffs because of the need for increased federal revenues.

As the United States assumed a more important position in world economic development during the latter part of the 19th century, the United States became more concerned about the global implications of international policies. As the scope of international trade expanded, proposals for the creation of an objective body to study the impact of tariffs on internal and external trade conditions had begun circulating around the turn of the century. In 1916, an Act was passed by Congress and signed into law by President Wilson creating a Tariff Commission, now the United States International Trade Commission. In this Act, Congress delegated much of its technical and fact-finding work on tariff legislation to the Tariff Commission. The purpose of the Commission was to investigate the administrative, fiscal, and economic effect of the existing U.S. customs laws, as well as to study tariff relationships between the United States and other countries.

The First World War dramatically changed the international trade position of the United States. The United States, with its industry matured, became a creditor nation; Europe was immersed in debt. The justification for high protective tariffs dimished. Nonetheless, a period of nationalism and isolationism followed World War I; and the surge of protectionist sentiment led to the passage of the Smoot-Hawley Tariff Act of 1930, which established the highest tariffs in U.S. history. These policies triggered an outburst of tariff increasing activity around the world, partly by way of reprisal.

As one nation after another retaliated by raising its tariffs and other trade barriers against U.S. exports, a pervasive international depression set in, which eroded the economic and industrial bases on which world trade rested. President Roosevelt's New Deal program proposed the Reciprocal Trade Agreements Act of 1934, which was enacted as an amendment to the Smoot-Hawley Act. The Reciprocal Trade Agreements Act authorized the President to lower duties in trade agreements with foreign countries and adopted the principle that tariff adjustments be made on a selective and reciprocal basis.

An innovative feature of the Trade Agreements Act of 1934 was the delegation of tariff-adjusting authority to the President. This authority allowed the President to negotiate tariffs for a specific period time, with congressional approval. Since 1934, the President has had the authority to adjust tariffs by reciprocal agreement, subject to general congressional directions and periodic review by Congress. Congress retained the power to renew the President's tariff adjustment authority. Thus, the merger of the constitutional power of

Congress to raise revenue and to regulate commerce with foreign nations, and the President's constitutional power to make treaties with the advice and consent to the Senate, established the beginning of the modern day trade agreements program.

The Trade Agreements Program

The Trade Agreements Program today includes all activities related to international agreements which primarily concern trade and which are concluded pursuant to the President's authority under the Consitution, and relevant legislation. In addition to the negotiation of agreements, the President is responsible for the implementation of trade agreements and for domestic programs which are designed to modify possible negative effects of those agreements on the domestic economy, including measures that provide relief from unfair foreign trade practices and nontariff barriers.

Since 1934, the Trade Agreements Program has been subject to successive extensions and substantial duty reductions. The broad importance of international trade to the U.S. economy was recognized by Congress with passage of the Trade Expansion Act of 1962. This Act created the position of a Special Trade Negotiator, within the Executive Office of the President, to coordinate U.S. commercial interest in trade negotiations and to develop an international trade policy. These goals were furthered by the Trade Act of 1974, which gave the President authority to negotiate reductions in nontariff trade barriers, and the Trade Agreements Act of 1979, which approved several important nontariff agreements, made appropriate modifications in U.S. law to implement them, and extended the authority of the President to negotiate agreements on nontariff measures for an additional eight years.

B. The General Agreement on Tariffs and Trade

Overview

GATT – the General Agreement on Tariffs and Trade – is a multilateral agreement subscribed to by 87 governments which together account for more than four-fifths of world trade. Its basic aim is to liberalize world trade and place it on a secure basis, thereby contributing to international economic growth and development. The General Agreement is the only multilateral instrument that sets agreed rules for international trade.

For over thirty years GATT has also functioned as the principal international body concerned with negotiating the reduction of trade barriers and with international trade relations. GATT is thus both a code of rules and a forum in which countries can discuss and overcome their trade problems and negotiate to expand world trading opportunities.

GATT became effective in January 1948. Since that time, its membership has risen from its original 23 countries to 87, while a further 30 countries also apply its rules to their trade. GATT's rules govern the trade of its member countries and the conduct of their trade relations with one another. The contractual rights and obligations which it embodies have been accepted by the member countries, known as contracting parties. Overseeing the application of these rules is an important and continuing part of GATT's activities. GATT is also a vehicle whereby countries negotiate and work together for the reduction of trade barriers and the further liberalization of world trade.

Over the past thirty years, GATT's activities have evolved in response to major changes in the world economic scene. These have included shifts in the relative economic strengths of important countries or groups of countries, the emergence of the developing countries as a major force in international affairs, the trend toward regional or preferential economic groups, monetary and payments difficulties, and the growing participation of Eastern European countries in the GATT. These changes have emphasized GATT's role as a forum where such developments can be resolved and as an instrument by which their undesirable effects can be countered through continuing pressure for the further liberalization of world trade.

A Framework of Rules for Trade Relations

Although the General Agreement is a long and complicated document, it is based on comparatively few fundamental principles and aims.

The first principle, embodied in the "most-favored nation" clause, is that trade must be conducted on the basis of nondiscrimination. All contracting parties are bound to grant each other treatment as favorable as they give to any country in the application and administration of import and export duties and charges. Thus, no country is to give special trading advantages to another; all are on an equal basis and share the benefits of any reductions in trade barriers. Exceptions to this basic rule are allowed only under certain special circumstances.

A second principle is that protection to the maximum extent possible should only be given to domestic industries through the customs tariffs, and not through other commercial measures. The aim of this rule is to make the extent of protection clear and to make competition possible.

A stable and predictable basis for trade is provided by the binding of the tariff levels negotiated among the contracting parties. These bound items are listed for each country in tariff schedules which form an integral part of the General Agreement. Although provision is made for the renegotiation of bound tariffs, a return to higher tariffs is discouraged by the requirement that any increases be compensated for. Consequently, this provision is invoked rarely.

There are "waiver" procedures whereby a country may, when its economic or trade circumstances so warrant, seek a derogation from a particular GATT obligation or obligations. There are also escape provisions for emergency action in certain defined circumstances.

Another basic provision of the GATT is a general prohibition of quantitative restrictions. When GATT was established, quantitative restrictions were widespread and posed the single greatest obstacle to international trade. Today, quantitative restrictions are of lesser significance but remain numerous. For the most part, quantitative restrictions affect trade in agricultural products, textiles, and certain other products of export interest to developing countries.

The main exception to the general GATT rule against quantitative restrictions allows their use to ease balance-of-payment difficulties. Even then, restrictions must not be applied beyond the extent necessary to protect the balance of payments, and must be reduced progressively and eliminated as soon as they are no longer required. This exception is broadened for developing countries by the recognition that the demand for imports generated by development may require them to maintain quantitative restrictions in order to prevent an excessive drain on their foreign exchange reserves.

A basic principle of GATT is that member countries should consult with one another on trade matters. Such consultations help to clarify difficulties and to find equitable solutions to problems. If a country believes that benefits that should accrue to it under the General Agreement are being nullified or impaired or that attainment of any objective of the Agreement is being impeded, it may seek consultations with the parties concerned. If these consultations do not lead to a satisfactory adjustment, a complaint may be lodged. Such complaints must be promptly investigated. Recommendations under Article XXIII, the central dispute settlement clause of the GATT, are then made by the GATT contracting parties acting together. If the circumstances are sufficiently serious, the injured country or countries may be authorized to suspend to an appropriate extent the application, toward the other party or parties to the dispute, of concessions or other obligations under GATT.

In such disputes, GATT often makes use of Panels of Experts to investigate and make recommendations. These panels, whose members are chosen from countries which have no direct interest in the matter, have frequently succeeded in helping the parties concerned resolve their difficulties.

Regional trading arrangements, in which a group of countries agrees to abolish barriers against imports from one another, have been established in many part of the world in recent years. The General Agreement recognizes the value of closer integration of national economies through freer trade. It therefore permits such groupings as an exception to the general rule of most-favored-nation treatment, provided that certain strict rules are met. The rules are intended to ensure that the arrangements facilitate trade among the countries concerned without raising barriers to trade with contracting parties outside the regional trading arrangement.

A Forum for Discussion and Negotiations on Trade

"The substantial reduction of tariffs and other barriers to trade" is a principal aim of the General Agreement. It has been the objective of a long series of negotiations held in GATT, the latest and most ambitious of which was the Tokyo Round of multilateral trade negotiations. During the GATT's first 25 years, six major trade negotiations took place under its auspices. As a result, the tariff rates for thousands of items entering into world commerce were reduced or bound against increase. The concessions agreed upon in these negotiations have affected a high proportion of the total trade of contracting parties and have indirectly affected the trade of many nonmembers as well. GATT has thus contributed greatly to the immense growth in world trade since 1948.

In September 1973, in Tokyo, over 100 nations accounting for the bulk of world trade launched new multilateral trade negotiations within the framework of the GATT. These negotiations were concluded in 1979. In contrast to earlier rounds of trade negotiations in which the reduction of tariffs was the primary objective, the Tokyo Round focused principally on reducing or removing nontariff measures that restrict or distort trade. The negotiations were designed not only to reduce or eliminate tariff and nontariff barriers to trade in agricultural and industrial products but also to shape the multilateral trading system and international trade relations into the 1980's and beyond. A "codes of conduct" approach was adopted because it allowed negotiators to deal with the various impediments to trade without necessarily dealing with the rationale or justification for such basic policy measures. This approach enabled negotiators to neutralize the trade effects of many of the more common nontariff measures. At the end of the five years, agreements were reached on major tariff cuts and a series of international codes of conduct. The agreements contain certain rights and obligations for signatory countries, with dispute settlement procedures to enforce these rights and obligations. The specific benefits of the Tokyo Round are laid out in Section V of this book.

GATT Membership as of February 11, 1982

Contracting Parties to the GATT (87)

Argentina
Australia
Austria
Bangladesh
Barbados
Belgium
Benin
Brazil
Burma
Burundi
Cameroon
Canada
Central African Republic
Chad
Chile
Colombia
Congo
Cuba
Cyprus
Czechoslovakia
Denmark
Dominican Republic
Egypt
Finland
France
Gabon
Gambia
Germany, Fed. Rep. of
Ghana
Greece
Guyana
Haiti
Hungary
Iceland
India
Indonesia
Ireland
Israel
Italy
Ivory Coast
Jamaica
Japan
Kenya
Korea, Rep. of
Kuwait
Luxembourg
Madagascar
Malawi
Malaysia
Malta
Mauritania
Mauritius
Netherlands
New Zealand
Nicaragua
Niger
Nigeria
Norway
Pakistan
Peru
Philippines
Poland
Portugal
Romania
Rwanda
Senegal
Sierra Leone
Singapore
South Africa
Spain
Sri Lanka
Suriname
Sweden
Switzerland
Tanzania
Togo
Trinidad and Tobago
Turkey
Uganda
United Kingdom
United States of America
Upper Volta
Uruguay
Yugoslavia
Zaire
Zambia
Zimbabwe

Acceded Provisionally (1)

Tunisia

Countries to whose territories the GATT has been applied and which now, as independent States, maintain a de facto application of the GATT, pending final decisions as to their future commercial policy (30)

Algeria
Angola
Bahamas
Bahrain
Belize
Botswana
Cape Verde
Dominica
Equatorial Guinea
Figi
Grenada
Guinea-Bissau
Kampuchea
Kiribati
Lesotho
Maldives
Mali
Mozambique
Papua New Guinea
Qatar
St. Lucia
St. Vincent
Sao Tomé and Principe
Seychelles
Solomon Islands
Swaziland
Tonga
Tuvalu
United Arab Emirates
Yemen, Democratic

Descriptive Table of Contents of the General Agreement on Tariffs and Trade (GATT)

(*Asterisk denotes Articles most frequently invoked in the application of this Agreement.)

Part I

Article I: General Most-Favored-Nation Treatment

- to be applied by each contracting party to the trade of all other contracting parties.

Article II: Schedules of Concessions

- individual country tariff concessions, as annexed to the Agreement, to be applied to all other contracting parties.

Part II (commercial policy obligations)

Article III: National Treatment on Internal Taxation and Regulation

- internal taxes and regulations are not to be a substitute for tariff protection.

Article IV: Special Provisions relating to Cinematographic Films

- permits the establishment of "screen quotas."

***Article VI:** Anti-dumping[1] and Countervailing Duties

- anti-dumping duties to be imposed only if goods are sold for export at a price below that at which they are sold for domestic consumption.
- anti-dumping duties may not be greater than the amount by which the domestic exceeds the export price.
- countervailing duties may not exceed the amount of the subsidy or bounty.
- duties may be imposed only if there is a threat of injury to industry in the importing country.

([1] In practice, the anti-dumping provisions of Article VI have been superseded by the provisions of the 1967 Anti-dumping Code for countries adopting the code.)

Article V: Freedom of Transit

- MFN treatment with respect to transit charges and regulations.

Article VII: Valuation for Customs Purposes

- valuation to be stable and based on "actual value" and not on the value of goods produced in the importing country.
- where goods are exempted from internal sales taxes in the exporting country such taxes should not be included in the dutiable value abroad.
- currency conversion rates for valuation purposes are to be based on IMF par values or on current commercial rates.

Article VIII: Customs Fees and Formalities

- directed at simplifying and minimizing formalities and charges.

Article IX: Marks of Origin

- directed at MFN treatment with respect to marking regulations and at reducing marking to the minimum consistent with consumer protection.

Article X: Publication and Administration of Trade Regulations

- aimed at assuring adequate publicity and fair administration.

***Article XI:** Elimination of Quantitative Restrictions

- a prohibition of import and export quotas, with certain exceptions for critical shortages, grading or marketing standards, and domestic marketing or production programs.
- The United States was granted a waiver of certain obligations in 1955 as required by section 22 of the Agricultural Adjustment Act.

***Article XII:** Balance of Payments Restrictions

- to permit nondiscriminatory quotas as necessary to prevent a serious decline in monetary reserves or to increase such reserves from too low a level.
- requires annual consultation procedures.
- LDCs operate under separate but similar provisions of Article XVIII, which requires consultations at two-year intervals.

***Article XIII:** Nondiscriminatory Administration of Quantitative Restrictions

- requires fair allocation of quotas among suppliers.

Article XIV: Exceptions to the Rule of Nondiscrimination

- of little relevance now that most currencies are freely convertible.

Article XV: Exchange Arrangements

- deals with relationship between the GATT and the IMF and the coordination of GATT-IMF policies as they affect trade.

***Article XVI:** Subsidies

- seeks to avoid use of subsidies.
- requires reporting of subsidies, consultations with parties affected, and equitable sharing of markets for primary products.

Article XVII: State Trading Enterprises

- requires their operations to be nondiscriminatory and in accordance with commercial considerations.
- requires reporting procedure on state trading enterprises.

***Article XVIII:** Government Assistance to Economic Development

- permits LDCs to modify or withdraw tariff concessions by agreement with parties affected and after efforts to provide compensatory concessions.
- recognizes persistent balance-of-payments pressures on LDCs and permits quantitative restrictions to deal with them.
- specifies procedures whereby

LDCs may use protective import quotas to promote infant industries.

*Article XIX: Emergency Action on Imports of Particular Products

- the standard "escape clause" of the GATT as required by US trade agreements legislation.
- authorizes suspension, withdrawal, or modification of tariff concessions if increased imports threaten serious injury.
- requires consultation with parties affected and provides for compensatory balancing of concessions.

Article XX: General Exceptions

- provides for exceptions customarily included in international trade agreements.

Article XXI: Security Exceptions

- exempts contracting parties from action contrary to essential security interests.

*Article XXII: Consultation

- provides for bilateral settlement of trade disputes.

*Article XXIII: Nullification or Impairment

- establishes procedures for bilateral consultation and for referral of disputes to the Contracting Parties for a recommendation and a ruling, whether or not the issue in dispute constitutes a violation of the Agreement.

Part III (administrative and institutional matters)

*Article XXIV: Territorial Application – Frontier Traffic – Customs Unions and Free-trade Areas

- deals with the application of the GATT to colonial territories.
- states exceptions to the rule of nondiscrimination for customs unions and free-trade areas.
- provides that customs unions or free-trade areas should not result in higher tariffs and added restrictions.
- provides that interim agreements for customs unions and free-trade areas must include a definite plan and schedule for their formation.

Article XXV: Joint Action by Contracting Parties

- sets forth the powers and responsibilities of the Contracting Parties acting jointly.
- establishes the authority of the Contracting Parties to waive obligations imposed by the Agreement.

Article XXVI: Acceptance, Entry into Force and Registration

- deals with procedural matters.
- provides for the application of the Agreement to territories.
- permits cutoms territories which acquire autonomy to become contracting parties under the sponsorship of the metropolitan country.

Article XXVII: Withholding or Withdrawal of Concessions

- permits withholding or withdrawal of tariff concessions initially negotiated with a country failing to become or ceasing to be a contracting party.

*Article XXVIII: Modification of Schedules

- permits a contracting party, at the beginning of each three-year period, or under "special circumstances," to modify or withdraw a concession after renegotiation with the parties affected.

Article XXVIII bis: Tariff Negotiations

- sets out basic rules for tariff negotiations.

Article XXIX: Relation of GATT to the Havana Charter

- a vestige of the original GATT/ITO relationship.

Article XXX: Amendments

- requires unanimous acceptance of amendments to Part I and to Articles XXIX and XXX and a two-thirds acceptance of amendments to other articles.

Article XXXI: Withdrawal

- provides that a contracting party shall be free to withdraw from the Agreement upon six months' notice.

Article XXXII: Contracting Parties

- defines the term "contracting parties."

Article XXXIII: Accession

- sets forth terms to be agreed upon between each acceding government and the Contracting Parties and requires a two-thirds approval by the latter.

Article XXXIV: Annexes (A through I)

- Annex I, in particular, contains a number of important notes and supplementary provisions.

*Article XXXV: Nonapplication of the Agreement between particular Contracting Parties

- permits a contracting party to withhold the application of its tariff concessions from another contracting party with which it has not entered into tariff negotiations.

Part IV (trade and development)

Article XXXVI: Principles and Objectives

- underscores the need for positive measures to promote the trade and development of LDCs.
- states that developed contracting parties "do not expect reciprocity for commitments made by them in trade negotiations" with LDCs.

Article XXXVII: Commitments

- nonmandatory commitments by developed country contracting parties to accord priority to reducing barriers to LDC exports.

Article XXXVIII: Joint Action

- the contracting parties shall collaborate jointly and with other international organizations to stabilize and improve world markets for LDC primary products and otherwise to promote LDC trade and development.

C. The Trade Act of 1974

Overview

The Trade Act of 1974 was a broad reform of United States law pertaining to international trade. The Trade Act of 1974 was the only comprehensive trade legislation since the Trade Expansion Act of 1962, that authorized the President to negotiate and enter into trade agreements with foreign governments. The Trade Act of 1974 is divided into five major titles (with a sixth title containing various administrative items). Of the five titles, the first is the most important, since it is the title which renewed (for a period of five years) the grant of authority to the President to negotiate international agreements and extended that authority to the nontariff area. With the powers granted in Title I of the Trade Act of 1974, the United States entered into the Tokyo Round of the multilateral trade negotiations (MTN) in Geneva, Switzerland, in February 1975.

The primary provisions of the Trade Act of 1974 are as follows:

Negotiating Authority

- Authorized the President, for five years beginning on the date of enactment, to enter into trade agreements with other countries for the purpose of harmonizing, reducing, or eliminating tariff and nontariff trade barriers.
- Authorized the President to eliminate tariffs on gioods carrying duties of 5 percent or less and to reduce higher tariffs by up to 60 percent. Reductions of more than 20 percent would be staged in equal installments over 10 years, but annual reductions of up to 3 percent or one-tenth of the total were authorized.
- Authorized the President to increase tariffs by 20 percent of the 1973 rates or 150 percent of the 1934 rates, whichever was higher.
- Authorized the President to enter into trade agreements to harmonize, reduce or eliminate nontariff barriers on goods and services, including those adversely affecting the U.S. economy and preventing fair and equitable access to supplies. The President was required to notify Congress at least 90 days in advance of a proposed agreement and consult with the appropriate congressional committees on nontariff barrier agreements, which would be subject to congressional approval.
- Established the objective of negotiating by product sectors on both tariff and nontariff trade agreements, to the extent consistent with maximum overall economic benefits.
- Directed the President to seek revisions in the General Agreement on Tariffs and Trade (GATT).
- When the United States had a large balance of payments deficit, required the President to proclaim for up to 150 days corrective action, including import surcharges of up to 15 percent and/or temporary quotas, unless he determined it was contrary to the national interest.
- When the United States has a large and persistent balance of trade surplus, authorized the President to take corrective action for up to 150 days by reducing or suspending other import restrictions.
- Established a congressional approval procedure requiring action by both houses applicable to all nontariff barrier trade agreements, GATT revisions requiring changes in existing laws and bilateral trade agreements with communist countries; established a two-house disapproval procedure applicable to Presidential import relief actions when different from the recommendation of the U.S. International Trade Commission and to retaliatory actions against unjustified and unreasonable trade restrictions; established a one-house disapproval procedure applicable to decisions on countervailing duties, to bilateral agreements with Communist countries entered into before enactment, to all annual reviews of most-favored-nation status and government credits and guarantees, and U.S. credits and guarantees extended after enactment.
- Changed the name of the U.S. Tariff Commission to the U.S. International Trade Commission composed of six members, each serving one nine-year term, with increased advisory duties; established a chairmanship which rotated every 18 months, beginning in June 1975.
- Established an over-all Advisory Committee for Trade Negotiations; general policy advisory committees for industry, labor and

agriculture; and authority for the President to establish sector advisory committees as necessary.

- Established within the Executive Office of the President, the Office of the Special Representative for Trade Negotiations; raised the trade negotiator's rank to cabinet level; and authorized necessary appropriations.

Import Relief

- Relaxed criteria for industries to be eligible for relief from injuries caused by import competition by requiring the International Trade Commission to make a finding that increased imports were a substantial cause of serious injury, rather than a major cause as in previous law.
- Required the President to provide within 60 days some form of import relief where the U.S. International Trade Commission found serious injury, unless he determined it would not be in the national interest. If he made that decision or recommended a different type of relief than recommended by the International Trade Commission (which had to make its determination within six months of receiving a request for relief), the President must report it to Congress which could, by concurrent resolution, require him to grant relief.

Adjustment Assistance

- Eased the criteria for workers displaced by imports to qualify for adjustment programs by requiring that imports "contribute importantly" rather than be the major cause as in the past. The finding would be made by the Secretary of Labor. Workers would be eligible for weekly benefits of 70 percent of their average weekly wage for 52 weeks. In addition, they could qualify for training, job search, and relocation allowances.
- Provided for assistance programs for firms adversely affected by imports.
- Established a new program of assistance in loans and grants for communities adversely affected by imports and authorized $100 million for the first year.
- Authorized all adjustment assistance programs through September 30, 1982.
- Required that all firms, before moving production facilities abroad, give at least 60 days notice to their employees and to the Secretaries of Labor and Commerce.

Retaliatory Powers

- Authorized the President to take retaliatory actions against unjustifiable or unreasonable import and tariff restrictions imposed by foreign countries against U.S. goods, services, and access to supplies, including antidumping measures, countervailing duties, and actions against unfair import practices.

General System of Preferences

The President was granted the authority to administer this program which extends duty-free treatment to certain products imported from eligible beneficiary developing countries, up to certain dollar value or percentage limits. The President was prohibited from designating an article for duty-free treatment if that article fell within specific categories of import-sensitive articles. The program was authorized to extend until January 4, 1985.

D. The Trade Agreements Act of 1979

Overview

The Trade Agreements Act of 1979 approved and implemented the trade agreements negotiated by the United States, under the Trade Act of 1974, in the Tokyo Round of the multilateral trade negotiations (MTN). The legislation authorized a number of changes to U.S. trade law which were necessary to implement such trade agreements.

The trade agreements negotiated during the Tokyo Round of the MTN were not self-executing and accordingly did not have independent effect under U.S. law. The provisions of the Trade Agreements Act were drafted to be fully consistent with the trade agreements negotiated in the MTN. The Trade Agreements Act became effective on June 19, 1979, and has permitted the United States to carry out fully its obligations under the agreements.

The Act incorporated into U.S. law the MTN agreements on countervailing and antidumping duties, customs valuation, government procurement, product standards, civil aircraft, agricultural agreements on meat and dairy products, and liquor duties. In addition, it extended the President's authority to negotiate trade agreements with foreign countries and reduce or eliminate nontariff barriers and required the President to reorganize executive agency trade functions and responsibilities.

The primary provisions of the Trade Agreements Act of 1979 are as follows:

Approval of Trade Agreements

- Approved the MTN codes and the statements of administrative action summarizing changes in U.S. law that were submitted with the legislation.
- Provided that the trade agreements would have legal standing in the United States primarily as they were implemented in the trade bill, and that no provision of any agreement would take precedence over domestic laws in the event of a conflict.
- The agreements would not become effective until Europe, Japan, and Canada also completed their domestic implementing procedures. Under an exception to this rule, the President could accept a particular agreement if only one industrial country had not accepted the agreement and acceptance by that country was not considered essential.
- Provided that if any future change in U.S. law was necessary to conform to a code requirement, the President must consult with congressional committees at least a month before submitting a draft bill. Any legislation would be considered under the fast-track procedures of the 1974 Trade Act.

Title I – Countervailing and Antidumping Duties

- Allowed countervailing duties to offset export business subsidies if the administering agency (currently the Department of Commerce) determined that an import was either directly or indirectly subsidized, and the International Trade Commission (ITC) determined that a domestic industry had been materially injured or threatened with injury.
- Defined material injury as "a harm which is not inconsequential, immaterial, or unimportant."
- Allowed investigations to be initiated by the agency itself or by a domestic manufacturer, labor union, or trade association.
- Set new procedures to shorten investigations, which currently take about one year, to about seven months. Importers would be forced to deposit a bond or cash in less than three months (compared to a year or more under current law) if a preliminary investigation found the imports were subsidized.
- Allowed the agency to drop the investigation if the foreign government or exporters agreed to eliminate the subsidy or cease exports within six months, or if the foreign government agreed to negotiate an agreement that would offset the effect of the subsidy or reduce the volume of exports.
- Required the agency to verify the accuracy of any information submitted to it before making a final determination. If it was unable to verify the information, it must rely on the best information available, which could include the information submitted by the domestic industry.
- Allowed confidential information to be made available to lawyers for other parties in the investigation under an administrative or court order; if a party failed to provide

information, determinations would be made on the basis of the best available evidence.

- Provided for an antidumping duty if the U.S. administering agency (currently the Department of Commerce) found that merchandise was being or was likely to be sold in the United States at less than fair value, and if the ITC determined that a domestic industry was materially injured or threatened with material injury. The duty would be the amount by which the home market price exceeded the U.S. price for the merchandise. (Dumping is the practice of selling exports below the price charged in the domestic market; antidumping duties are intended to make up the difference between the home market price and the export price.)
- Established new procedures that shortened normal cases to about nine months. (Under current law cases normally take from nine to 15 months, but some cases have taken many years.)
- Allowed the Customs Service six months to determine the amount of dumping and assess the duty (delays in assessments have averaged three years). During the assessment period importers of dumped products would have to pay estimated antidumping duties.
- Provided that investigations may be initiated by the agency or upon petition by a manufacturer, union, or trade association.
- Allowed the agency to drop an investigation if exporters stopped shipping the merchandise within six months or agreed to stop dumping the merchandise by increasing the price to about the home market value.

Title II – Customs Valuation

- Established five methods of determining the value of imports to simplify the process of assessing duties (replacing the nine methods under current laws).
- Established as the primary method the transaction value, defined as "the price actually paid or payable for the merchandise when sold for exportation to the United States," with additions for extra costs such as packing costs, selling commissions, and"assists" (certain free or reduced cost products and services – such as materials, tools, or design and development work – supplied by the buyer for the production or sale of the merchandise).
- Listed four alternative methods to transaction value in order of preference: (1) transaction value of identical merchandise; (2) transaction value of similar merchandise; (3) deductive value, which takes the price of similar merchandise and subtracts additional costs for insurance, transportation, taxes and commissions; and (4) computer value, which is the sum of production and materials costs, profit and general expenses, packing costs, and assists.
- Allowed "reasonable adjustments" to be made to one of the previous methods to arrive at a value if none of these methods could be used.
- Repealed the American Selling Price (ASP) system of valuation, which based duties for some chemicals and rubber footwear on the price of comparable domestic products.
- Converted ASP rates of duty into tariffs estimated to provide the same protection currently provided under ASP.

Title III – Government Procurement

- Gave the President the authority, beginning January 1, 1981, to waive the application of discriminatory government procurement laws such as the Buy American Act for purchases covered by the agreement. (Current law gives domestic bidders on government contracts a 6 percent price preference over foreign bidders, 12 percent for small business or labor surplus areas, and 50 percent for Defense Department procurement.)
- Excluded from the waiver provision several U.S. agencies, including the Departments of Transportation and Energy, the Tennessee Valley Authority, and the Army Corps of Engineers. Also excluded were purchases under $190,000, state and local government purchases, current preferences for small and minority businesses, strategic goods, and purchases for farm support or human feeding programs such as the U.S. school lunch program.
- Directed the President to designate major industrial countries as eligible for nondiscriminatory bidding under the agreement

only if they had signed the Geneva procurement code. Nonindustrial countries could be given a waiver if they allow reciprocal government procurement opportunities for U.S. products; the least-developed countries would be eligible without providing reciprocity.

- Authorized the President to bar purchases from ineligible countries, but allowed him to give nonindustrial countries two years to provide reciprocal opportunities before invoking the prohibition.
- Directed the President to seek new opportunities for U.S. exports in future negotiations. If negotiations with specific countries did not result in expanded procurement opportunities, the President could recommend legislation to prohibit purchases from those countries by federal agencies not currently covered by the Agreement.
- Directed the President to submit a report to Congress before January 1, 1981, that assessed the effect of the procurement provisions in areas of high unemployment.

Title IV– Product Standards

- Recognized that federal and state agencies have a legitimate need to develop new product standards if they do not create unnecessary obstacles to foreign trade and if the purpose of the standard is to achieve a "legitimate domestic objective" such as the protection of health or safety, essential security, environmental or consumer interests.
- Directed federal agencies to use standards in a way that treats imported products "no less favorably" than similar domestic products, including the use of tests and any fees charged for tests, and to adopt international standards unless factors such as national security requirements or the prevention of deceptive practices made adoption of the international standard inappropriate.
- Expressed the sense of Congress that no state agency or private organization should use standards that create obstacles to foreign trade.
- Gave the Office of the United States Trade Representative (USTR) responsibility for coordinating international trade policy issues connected with the standards code and for monitoring foreign implementation of the agreement, established offices in the Commerce and Agriculture Departments to gather and publish information on standards.
- Allowed other nations that have signed the code or observed its provisions to file a complaint with USTR alleging that specific domestic practices violate U.S. obligations under the standards code. USTR is directed to resolve the complaint "on a mutually satisfactory basis" through consultations or submit the complaint for international arbitration if both parties consent.

Title V– Tariff Negotiations

- Implemented tariff concessions that exceeded the authority granted the President in the 1974 Trade Act and made other technical changes in U.S. tariff schedules.
- Allowed the President the give the least-developed countries full tariff reductions (instead of phased reductions stretching over eight years) on products that are not import-sensitive.

Title VI– Civil Aircraft Agreement

- Eliminated all duties on civil aircraft, engines, and parts intended for use in civil aircraft.

Title VII – Agricultural Agreements

- Implemented bilateral agreements on cheese, other dairy products, and meat.
- Allowed the President to proclaim import quotas, up to an annual level of 111,000 metric tons, on about 85 percent of cheeses now imported. Provided a "fast-track" complaint procedure to protect domestic producers against subsidies on foreign cheeses, and directed the President to impose fees or quantitative restrictions if foreign governments did not eliminate subsidies.
- Set a minimum annual level of meat imports at 1.2 billion pounds.

Title VIII – Liquor Duties

- Repealed the wine gallon method of assessing duties on imported liquor, under which liquor was taxed on the basis of quantity rather than alcoholic content.

- Provided that liquor would be taxed solely on the basis of alcohol content, with the tax based on the finished product after it has been diluted and bottled.
- Allowed a 15-day deferral period for payment on spirits bottled in the United States (phased in over a three-year period).

Title IX – Enforcement

- Authorized the President to take action against unreasonable foreign trade practices under the current agreements.
- Introduced specific time limits for investigating and taking action on complaints.
- Allowed any interested person to file a petition alleging unfair trade practices with the Trade Representative's office, which has 45 days to determine if an investigation is necessary.
- Directed USTR to request consultation with the foreign country involved in the dispute as part of its investigation. If the dispute could not be resolved through consultations, then the Trade Representative could request proceedings under the international dispute settlement procedures of the agreement.
- Directed the Trade Representative to make recommendations to the President within seven to 12 months after initiating an investigation.

Title X – Judicial Review

- Provided increased opportunities for judicial review of some provisional and all final rulings by the Treasury Department and ITC in antidumping and countervailing duty cases.
- Expanded opportunities for judicial review of determinations by the Customs Service concerning the appraised value or rate of duty of imported goods.
- Allowed any interested party involved in the proceeding to take legal action and allowed any party to challenge the amount of a countervailing or dumping duty, as well as the failure to assess a duty.
- Provided expedited review procedures for antidumping and countervailing duty cases, including a requirement that any party could challenge a court decision within 30 days after the decision, and that these cases would be given priority in Customs Court.

Title XI – Miscellaneous Provisions

- Extended for an additional eight years the President's authority to negotiate trade agreements with foreign countries to reduce or eliminate nontariff barriers. Trade agreements submitted to Congress would be handled under the expedited procedures of the 1974 Trade Act.
- Clarified existing law by authorizing the President to sell import licenses at public auction. (Under existing programs import licenses were allocated by the U.S. government on a first-come, first-served basis.)
- Continued the private sector advisory committee structure established in the 1974 Trade Act, with a broadened mandate to include advice on the implementation of the trade agreements.
- Authorized the President to study the desirability of negotiating trade agreements with North American countries.
- Required monthly statistics on imports and the balance-of-trade to include the cost of freight charges, insurance charges, and other expenses of bringing goods from the port of exportation to the U.S. port of entry, commonly known as the cost-insurance-freight (C.I.F.) value.
- Required the President to submit a trade reorganization proposal to Congress.
- Prohibited the President from giving a developing country duty-free treatment for certain products provided under the Generalized System of Preferences (GSP) if that country is a member of the Organization of Petroleum Exporting Countries (OPEC) and "interrupts or terminates" petroleum deliveries to the United States.

Communist Nations

- Authorized the President to extend most-favored-nation (MFN) status to nonmarket (communist) countries, but bared MFN treatment and trade credits for communist countries that did not permit free emigration of their citizens.
- Permitted the President to waive this restriction for 18 months if he received assurances from a country that its policies would henceforth lead to substantially free

emigration, and if he so informed Congress. After 18 months the continuation of MFN granted under a waiver would be subject to congressional approval.

- Provided that MFN treatment would last only as long as a bilateral trade agreement was in effect; the agreement would have a lifespan of up to three years, would be renewable, and would have a number of conditions to protect U.S. trade.
- Authorized the President to deny MFN and government credits and guarantees if the foreign nation did not cooperate in accounting for and returning missing U.S. personnel in Southeast Asia.
- Required the resolution of a dispute involving gold owed to U.S. citizens before Czechoslovakia would be eligible for MFN or a bilateral trade treaty.
- Established a 12-member East-West Foreign Trade Board to monitor trade with Communist countries; transactions involving more than $500 million would be subject to congressional veto.
- Limited U.S. loans, guarantees, credits, and insurance to Communist countries to an aggregate total of $300 million without prior congressional approval, with the exemption of the Commodity Credit Corporation.

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II. AGENCY RESPONSIBILITIES WITHIN THE INTERNATIONAL TRADE PROCESS

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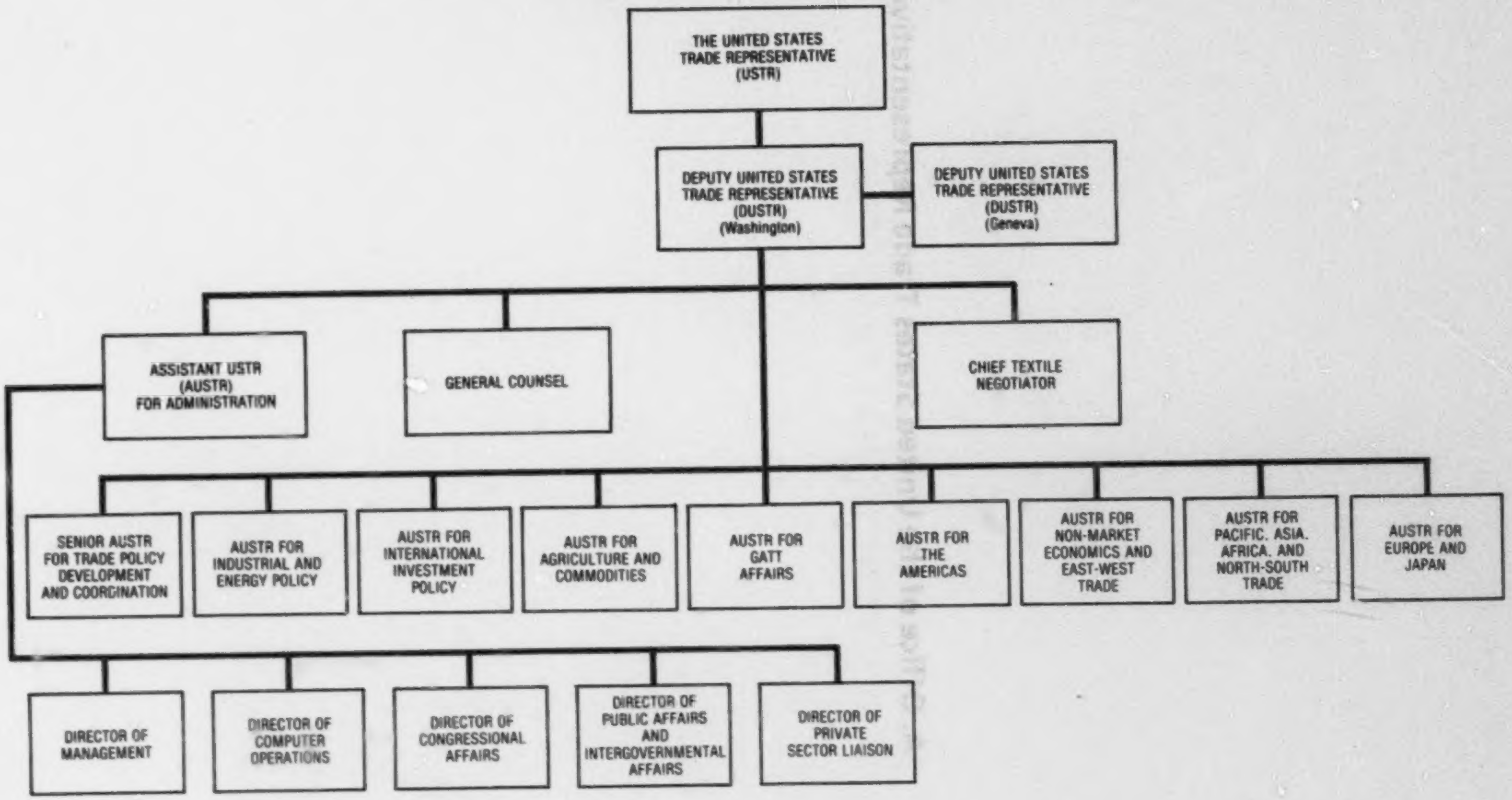
A. Office of the United States Trade Representative

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT


THE UNITED STATES TRADE REPRESENTATIVE (USTR)
DEPUTY UNITED STATES TRADE REPRESENTATIVE (DUSTR) (Washington)
DEPUTY UNITED STATES TRADE REPRESENTATIVE (DUSTR) (Geneva)
ASSISTANT USTR (AUSTR) FOR ADMINISTRATION
GENERAL COUNSEL
CHIEF TEXTILE NEGOTIATOR
SENIOR AUSTR FOR TRADE POLICY DEVELOPMENT AND COORDINATION
AUSTR FOR INDUSTRIAL AND ENERGY POLICY
AUSTR FOR INTERNATIONAL INVESTMENT POLICY
AUSTR FOR AGRICULTURE AND COMMODITIES
AUSTR FOR GATT AFFAIRS
AUSTR FOR THE AMERICAS
AUSTR FOR NON-MARKET ECONOMICS AND EAST-WEST TRADE
AUSTR FOR PACIFIC, ASIA, AFRICA, AND NORTH-SOUTH TRADE
AUSTR FOR EUROPE AND JAPAN
DIRECTOR OF MANAGEMENT
DIRECTOR OF COMPUTER OPERATIONS
DIRECTOR OF CONGRESSIONAL AFFAIRS
DIRECTOR OF PUBLIC AFFAIRS AND INTERGOVERNMENTAL AFFAIRS
DIRECTOR OF PRIVATE SECTOR LIAISON

A. Office of the United States Trade Representative

Overview

The Office of the United States Trade Representative was created as the Office of the Special Representative for Trade Negotiations by Executive Order 11075 on January 15, 1963. Congress, as part of the Trade Act of 1974 (88 Stat. 1999; 19 U.S.C. 2171), established the Office as an agency of the Executive Office of the President, charged with administering the trade agreements program under the Tariff Act of 1930 (19 U.S.C. 1351), the Trade Expansion Act of 1962 (19 U.S.C. 1801), and the Trade Act of 1974 (19 U.S.C. 2171). Other powers and responsibilities for coordinating trade policy were assigned to the Office by the Trade Act of 1974 and by the President in Executive Order 11846 of March 27, 1975, as amended.

Reorganization Plan No. 3 of 1979 (44 FR 69273), implemented by Executive Order 12188 of January 4, 1980, charged the Office with responsibility for setting and administering overall trade policy. It also provides that the United States Trade Representative (USTR) shall be the chief representative of the United States for all activities of the General Agreement on Tariffs and Trade (GATT), for discussions, meetings, and negotiations in the Organization for Economic Cooperation and Development (OECD) when such activities deal primarily with trade and commodity issues; for negotiations in the United Nations Conference on Trade and Development (UNCTAD) and other multilateral institutions when such negotiations deal primarily with trade and commodity issues; for other bilateral and multilateral negotiations when trade, including East-West trade or commodities, is the primary issue; for negotiations under sections 704 and 734 of the Tariff Act of 1930, and for negotiations concerning direct investment incentives and disincentives and bilateral investment issues concerning barriers to investment.

The Office is headed by the United States Trade Representative, a Cabinet-level official with the rank of ambassador, who is directly responsible to the President and the Congress.

The United States Trade Representative is Ambassador William E. Brock, III, who was appointed on January 21, 1981. He succeeds Reubin O'D. Askew who served from 1979 to 1981. Ambassador Robert S. Strauss was appointed Special Trade Representative in 1977 and served until the Tokyo Round of the MTN was concluded in 1979.

Functions

The United States Trade Representative chairs the Cabinet-level Trade Policy Committee. Established by, and under the chairmanship of, the Office of the United States Trade Representative are three other interagency committees – the Trade Negotiations Committee, the Trade Policy Review Group, and the Trade Policy Staff Committee. (Full details will for found in Section III.)

The United States Trade Representative (USTR) is the President's principal adviser on international trade policy. With the advice of the interagency Trade Policy Committee (TPC) and its subordinate bodies, USTR has primary responsibility for developing international trade policy and coordinating its implementation. The USTR, with the advice of the Committee, is responsible for policy guidance on issues arising in the exercise of international trade functions including the following: (1) expansion of U.S. exports; (2) matters concerning the General Agreement on Tariffs and Trade (GATT), including implementation of agreements negotiated in the MTN, U.S. Government positions on trade and commodity matters dealing with multilateral organizations, and the protection of U.S. rights under international trade and commodity agreements; (3) to the extent permitted by law, overall U.S. policy with regard to unfair trade practices, including enforcement of countervailing measures and antidumping functions; (4) bilateral trade and commodity issues, including East-West trade matters; (5) international trade issues involving energy; (6) direct investment matters to the extent they are trade related; and (7) policy research on international trade, commodities, and direct investment matters.

The USTR also has lead responsibility for the conduct of all international trade negotiations. In addition to the multilateral and bilateral trade negotiations already assigned to USTR under Section 141 of the 1974 Trade Act (Title I negotiations, including tariff and nontariff barriers, escape clause compensation, and those under Section 301 regarding unfair trade practices), the Office is now responsible for negotiations relating to commodities, East-West trade, specified direct investment matters, and to extent permitted by law, countervailing and antidumping measures.

Under the reorganization in 1980, the USTR became Vice Chairman of the Overseas Private Investment Corportion (OPIC), a nonvoting member of Export–Import Bank, and a member of the National Advisory Committee on International Monetary and Financial Policies.

Organization

Assisting the USTR in his responsibilities in trade negotiations are two Deputy United States Trade Representives who also hold the rank of ambassador, one in Washington and one in Geneva, Switzerland. The Deputy USTR in Geneva is the U.S. representative to the GATT and is also responsible for negotiations regarding trade and commodities under UNCTAD. The Deputy U.S. Trade Representative in Washington is responsible for trade policy coordination and negotiations outside GATT and UNCTAD. In addition, the Chief Textile Negotiator (also with ambassadorial rank) has primary responsibility for negotiations of textile agreements and represents the U.S. Government in dealing with foreign governments in all matters relating to textile tariffs and nontariff measures.

The USTR is further assisted by his General Counsel and by the Assistant U.S. Trade Representative for Administration, who supervises the Directors of Management, Computer Operations, Congressional Affairs, Public and Intergovernmental Affairs, and Private Sector Liaison.

In addition, there are Assistant U.S. Trade Representatives in the following areas: Trade Policy Development and Coordination; Industrial and Energy Policy; International Investment Policy; Agriculture and Commodities; GATT Affairs; Europe and Japan; the Americas; the Pacific, Asia, Africa, and North/South Trade; and Non-Market Economies and East-West Trade.

For further information contact the Office of the United States Trade Representive, Washington, D.C. 20506. Phone (202) 395-4647.

B. The U.S. Department of Agriculture

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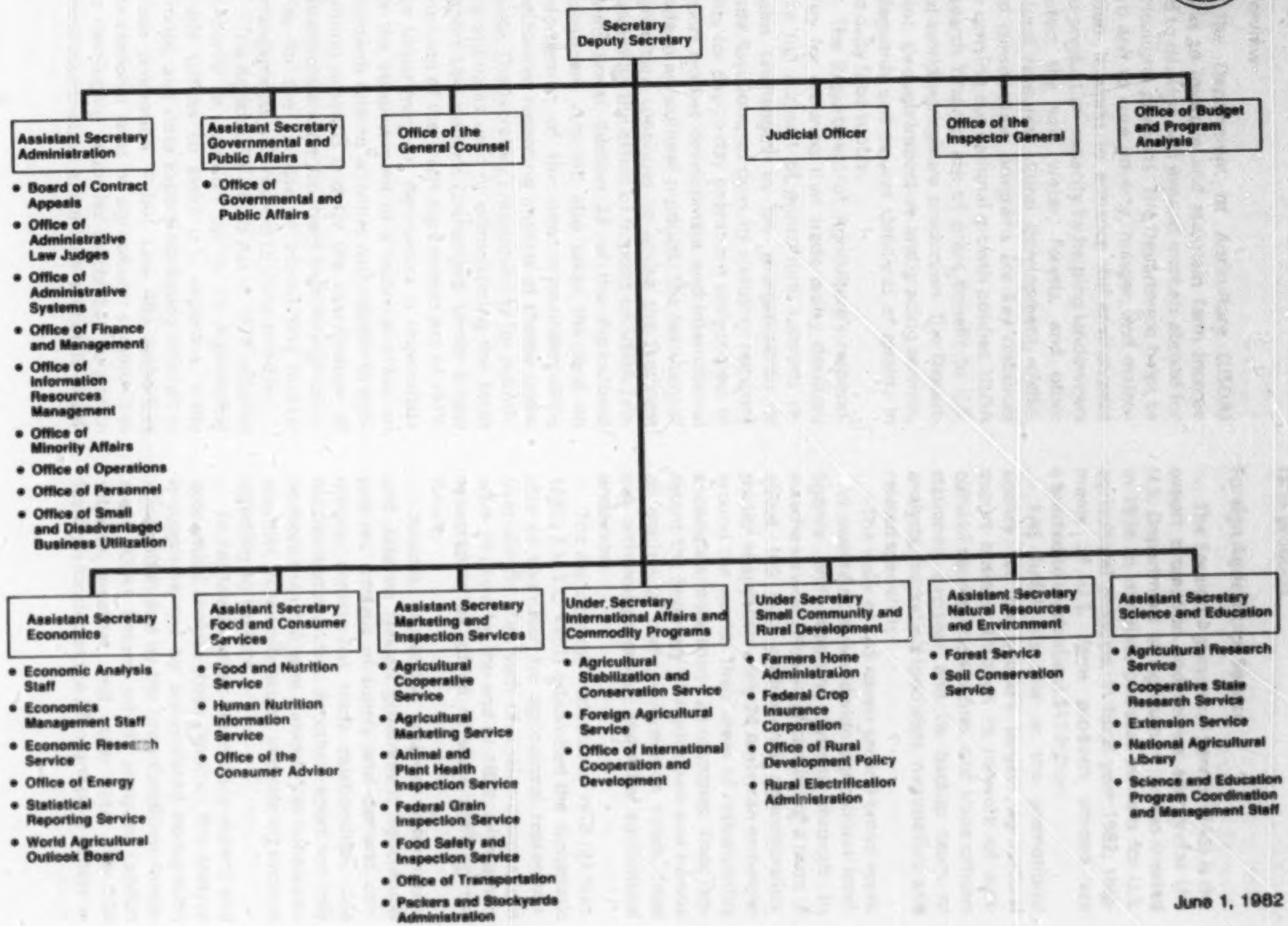
United States Department of Agriculture



- **Secretary
Deputy Secretary**
  - **Assistant Secretary Administration**
    - Board of Contract Appeals
    - Office of Administrative Law Judges
    - Office of Administrative Systems
    - Office of Finance and Management
    - Office of Information Resources Management
    - Office of Minority Affairs
    - Office of Operations
    - Office of Personnel
    - Office of Small and Disadvantaged Business Utilization
  - **Assistant Secretary Governmental and Public Affairs**
    - Office of Governmental and Public Affairs
  - **Office of the General Counsel**
  - **Judicial Officer**
  - **Office of the Inspector General**
  - **Office of Budget and Program Analysis**
  - **Assistant Secretary Economics**
    - Economic Analysis Staff
    - Economics Management Staff
    - Economic Research Service
    - Office of Energy
    - Statistical Reporting Service
    - World Agricultural Outlook Board
  - **Assistant Secretary Food and Consumer Services**
    - Food and Nutrition Service
    - Human Nutrition Information Service
    - Office of the Consumer Advisor
  - **Assistant Secretary Marketing and Inspection Services**
    - Agricultural Cooperative Service
    - Agricultural Marketing Service
    - Animal and Plant Health Inspection Service
    - Federal Grain Inspection Service
    - Food Safety and Inspection Service
    - Office of Transportation
    - Packers and Stockyards Administration
  - **Under Secretary International Affairs and Commodity Programs**
    - Agricultural Stabilization and Conservation Service
    - Foreign Agricultural Service
    - Office of International Cooperation and Development
  - **Under Secretary Small Community and Rural Development**
    - Farmers Home Administration
    - Federal Crop Insurance Corporation
    - Office of Rural Development Policy
    - Rural Electrification Administration
  - **Assistant Secretary Natural Resources and Environment**
    - Forest Service
    - Soil Conservation Service
  - **Assistant Secretary Science and Education**
    - Agricultural Research Service
    - Cooperative State Research Service
    - Extension Service
    - National Agricultural Library
    - Science and Education Program Coordination and Management Staff

June 1, 1982

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B. The U.S. Department of Agriculture

Overview

The Department of Agriculture (USDA) works to improve and maintain farm income and to develop and expand markets abroad for agricultural products. The Department helps to curb and to cure poverty, hunger, and malnutrition. It works to enhance the environment and production capacity by helping landowners protect the soil, water, forests, and other natural resources. Rural development, credit, and conservation programs are key resources for carrying out national growth policies. USDA research findings are of great benefit to U.S. and world agriculture production. The Department, through inspection and grading services, safeguards and assures standards of quality in the daily food supply.

The Department of Agriculture's responsibility for ensuring that trade policy decisions take full account of agricultural interests remains unchanged in the reorganization of trade functions, as does its statutory responsibility for day-to-day operations with respect to export market development and international trade in agricultural products. The Secretary of Agriculture continues to advise the President concerning the effect of imports on USDA programs under Section 22 of the Agricultural Adjustment Act. He also takes the lead on enforcement of the new price-undercutting mechanism regarding imports of cheese under quota. The Secretary's responsibility for publishing estimates used in administering the Meat Import Law remains unchanged. Under a new provision of the Trade Agreements Act of 1979, the Department of Agriculture is responsibile for the establishment of a technical office on standards-related activities with respect to agricultural products and for the coordination of discussions and negotiations with foreign countries for the purpose of establishing mutual arrangements with respect to these activities.

The Agricultural Trade Act of 1978 included authority to establish up to 25 Agricultural Trade Offices to assist U.S. exporters, trade groups, and state export marketing officials in trade promotion. Public Law 480 authorizes concessional sales of agricultural commodities to developing countries to combat hunger in those countries, to encourage economic development, and to develop export markets for U.S. farm products.

Foreign Agricultural Service

The Foreign Agricultural Service (FAS) is the export promotion and service agency for the U.S. Department of Agriculture. It was created in 1954 to stimulate overseas markets for U.S. agricultural products. In fiscal year 1982, shipments of U.S. farm products abroad are expected to reach about $42 billion.

FAS fulfills its role as the promotional agency for the world's largest agricultural export business through its network of agricultural counselors, attaches, and trade officers stationed overseas and its backup team of analysts, marketing specialists, negotiators, and related specialists.

The work of FAS covers several broad areas. FAS maintains a worldwide agricultural intelligence and reporting system through its attache service. This service consists of a team of about 100 U.S. professional agriculturalists, posted at approximately 74 American embassies around the world. Their areas of responsibility encompass more than 120 countries. They represent the Secretary of Agriculture and handle all matters of trade, information needs, food aid, technical programs, and other agricultural endeavors.

The Agricultural Trade Act of 1978 (92 Stat. 1685; 7 U.S.C. 1761) established the diplomatic title of counselor for agricultural representatives abroad. Ten such counselor designations were in place by the end of 1979, with others expected to be added at some point in the future.

Attached reporting includes information and data on foreign government agricultural policies, analysis of supply and demand conditions, commercial trade relationships, and market opportunities. Attaches report not only on more than 200 farm commodities but also on weather, economic factors, and related subjects affecting agriculture.

In FAS/Washington, commodity experts and economists analyze these reports. This analysis is supplemented by accumulated background information and by the Crop Condition Assessment (CCA) system, which analyzes Landsat satellite, weather, and other data. The CCA facility is located at the Johnson Space Center in

Houston, Texas, with a small liaison group in Washington, D.C.

FAS also has a continuing market development program to develop, service, and expand commercial export markets for U.S. agricultural products. FAS marketing activities involve work with nonprofit commodity groups (called cooperators), trade associations, state agriculture departments and their regional associations, and promotional and trade-servicing operations, such as trade fairs and sales teams.

By virtue of the Agricultural Trade Act of 1978, FAS received authority to open at least six and not more than 25 agricultural trade offices to develop, maintain, and expand international markets for U.S. agricultural commodities. These offices are locted in such key markets as West Germany, Singapore, and England.

To improve acccess for U.S. farm products abroad, FAS international trade policy specialists coordinate and direct USDA's responsibilities in international trade agreement programs and negotiations. They maintain an ongoing effort to reduce foreign trade barriers and practices that discourage the export of U.S. farm products.

To maintain watch on foreign governmental actions that affect the market for U.S. agricultural commodities, FAS relies on its agricultural counselors and attaches. Special offices are maintained to work with the headquarters of the European Community in Brussels, Belgium; the Organization for Economic Cooperation and Development in Paris, France; the International Negotiations Center in Geneva, Switzerland; and the Food and Agriculture Organization of the United Nations (FAO) in Rome, Italy.

In Washington, a staff of international trade specialists analyzes, the activities of international trade conducted under regional economic organizations and bilateral agreements. During international negotiations, FAS provides the staff and support work for U.S. agricultural representation.

FAS also manages the Public Law 480 Program; Titles I, II, and III (Food for Peace Program); and the Commodity Credit Corporation (CCC) Export Credit Sales Program. Public Law 480 is aimed at long-range improvement in the economies of developing countries. The credit program provides exporter-risk insurance for financing the agricultural products purchased by some countries.

Title I, the concessional sales part of Public Law 480, provides for low-interest, long-term credit to recipients of U.S. farm commodities. Payment is made in dollars, and proceeds from sales into commercial channels are used by the recipient country for agricultural self-help measures and general economic development.

Title II of Public Law 480 provides for direct donations of U.S. farm products in cases of natural disaster or other crises and through voluntary relief agencies and the World Food Program.

New Provisions under Title III permit multiyear programming and forgiveness of dollar payments, provided the recipient country undertakes specific agricultural and economic development projects for commodities delivered under Title I agreements.

The program is not designed to displace cash sales. Financing is provided for three to 36 months or less at preferred and commercial rates of interest

The Agricultural Trade Act of 1978 also provided authority for three to ten year intermediate credit for the export of breeding livestock.

All countries are eligible for CCC credit except those prohibited under Department of Commerce regulations, Executive order, or an amendment to the Foreign Trade Act of 1974 that prohibits financing to East European countries, except those having most-favored-nation status or for which a waiver has been provided.

For further information contact the Information Division, Foreign Agricultural Service, Department of Agricultural, Washington, D.C. 20250, Phone (202)-447-3448.

Office of International Cooperation and Development

The Office of International Cooperation and Development (OICD) coordinates, plans, and directs the Department's efforts in international development and technical cooperation in food and agriculture, including international cooperative research. OICD also coordinates international organization affairs and scientific exchange programs for the Department. The objective of OICD is to provide liaison and coordination for the Department of Agriculture and, to a limited extent, the land-grant university system in planning agricultural assistance efforts and in providing greater departmental emphasis on scientific exchanges and international research with other countries and the international research centers.

In carrying out its responsibilities, OICD works closely with other U.S. and international organizations to assist them in utilizing the scientific and institutional resources of American agriculture when executing development assistance programs. OICD also develops and maintains effective relationships with international and U.S. organizations in planning and coordinating departmental activities designed to support U.S. programs to reduce world hunger and malnutrition.

For further information, contact the Director, Office of International Cooperation and Development, Department of Agriculture, Washington, D.C. 20250. Phone (202)-447-2893.

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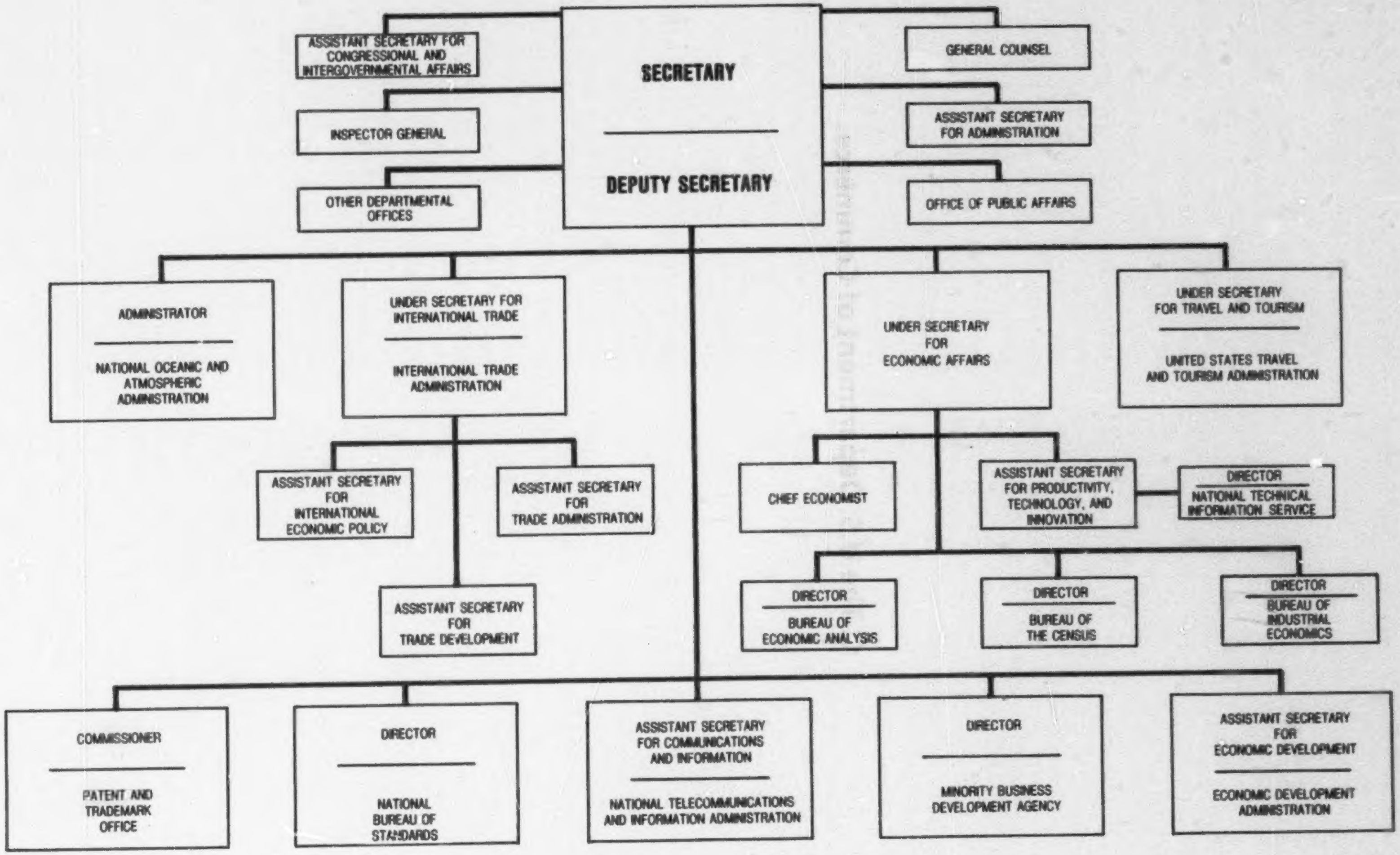
C. The U.S. Department of Commerce

U.S. DEPARTMENT OF COMMERCE


SECRETARY
DEPUTY SECRETARY
ASSISTANT SECRETARY FOR CONGRESSIONAL AND INTERGOVERNMENTAL AFFAIRS
INSPECTOR GENERAL
OTHER DEPARTMENTAL OFFICES
GENERAL COUNSEL
ASSISTANT SECRETARY FOR ADMINISTRATION
OFFICE OF PUBLIC AFFAIRS
ADMINISTRATOR
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
UNDER SECRETARY FOR INTERNATIONAL TRADE
INTERNATIONAL TRADE ADMINISTRATION
ASSISTANT SECRETARY FOR INTERNATIONAL ECONOMIC POLICY
ASSISTANT SECRETARY FOR TRADE ADMINISTRATION
ASSISTANT SECRETARY FOR TRADE DEVELOPMENT
UNDER SECRETARY FOR ECONOMIC AFFAIRS
CHIEF ECONOMIST
ASSISTANT SECRETARY FOR PRODUCTIVITY, TECHNOLOGY, AND INNOVATION
DIRECTOR
NATIONAL TECHNICAL INFORMATION SERVICE
DIRECTOR
BUREAU OF ECONOMIC ANALYSIS
DIRECTOR
BUREAU OF THE CENSUS
DIRECTOR
BUREAU OF INDUSTRIAL ECONOMICS
UNDER SECRETARY FOR TRAVEL AND TOURISM
UNITED STATES TRAVEL AND TOURISM ADMINISTRATION
COMMISSIONER
PATENT AND TRADEMARK OFFICE
DIRECTOR
NATIONAL BUREAU OF STANDARDS
ASSISTANT SECRETARY FOR COMMUNICATIONS AND INFORMATION
NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION
DIRECTOR
MINORITY BUSINESS DEVELOPMENT AGENCY
ASSISTANT SECRETARY FOR ECONOMIC DEVELOPMENT
ECONOMIC DEVELOPMENT ADMINISTRATION

JUNE 25, 1982

C. The U.S. Department of Commerce

Overview

The Department of Commerce was established by Congress in 1903 to "foster, promote, and develop the foreign and domestic commerce" of the United States. In subsequent years, its authority was extended to other areas and activities bearing on the economic and technological development of the nation. Currently, the Department offers assistance and information to domestic and international business, provides social and economic data for business and government planners, sponsors research and encourages increased use of science and technology, aids the progress of economically underdeveloped areas of the country, seeks to improve understanding of the atmospheric and ocean environment, promotes foreign travel to the United States, and assists the growth of minority businesses. The administration of programs regulating and promoting international trade is the immediate responsibility of the Under Secretary for International Trade.

International Trade Administration

The International Trade Administration (ITA) was established on January 2, 1980, by the Secretary of Commerce to promote world trade and to strengthen the international trade and investment position of the United States. The Under Secretary determines policy, directs programs, and coordinates all issues concerning trade administration, trade development, and trade/commercial policy. In the absence of the Secretary of Commerce, the Under Secretary also represents the Department on the Trade Policy Committee, the Board of the Export-Import Bank of the United States, and other boards, committees, and panels which focus on international trade. The principal officers assisting the Under Secretary are the Director General of the U.S. and Foreign Commercial Services and the Assistant Secretaries for International Economic Policy, Trade Development, and Trade Administration.

U.S. and Foreign Commercial Services

Exporting companies in the United States range from the small manufacturer to the giant conglomerate, each with its own special needs and interests. To give them the specialized help and expertise they need, the U.S. and Foreign Commercial Services operate a global network of marketing assistance and commercial intelligence. In the U.S., ITA operates a chain of 47 district offices in commercial and industrial centers across the country. Its local trade specialists provide one-on-one marketing counseling, conduct several thousand trade seminars annually to explain the mechanics of international trade for the business community, maintain business reference libraries, provide information and advice on trade regulations, and offer other leads to foreign trade and investment opportunities. Special emphasis is placed on assisting small and medium-sized firms – those that are least likely to be familiar with the "mechanics" of exporting.

Overseas, the Foreign Commercial Service maintains 124 posts in the 66 countries considered to be the United States' most important trading partners. Foreign Commercial Officers seek out trade opportunities that they relay to U.S. suppliers, provide basic data on foreign markets and firms, supply information on U.S. goods and services to foreign buyers, and consult with foreign governments on trade questions. They also provide on-site support for commercial exhibitions, trade missions, procurement conferences, and others activities sponsored by the Department of Commerce

The *Commerce Business Daily* (CBD), managed by the U.S. and Foreign Commercial Services, publishes federal sales and other government procurement tender opportunities totaling nearly $1 billion annually. The CBD is published each working business day.

International Economic Policy

The geographical organization of ITA's International Economic Policy (IEP) unit facilities its analysis of international trade/investment policies and its handling of ITA trade activities related to specific countries or regions. IEP's principal immediate goal is the reduction of foreign government barriers that impede U.S. international trade and investment.

IEP works closely with the Office of the U.S. Trade Representative to formulate U.S. Government responses to key current issues in U.S. international economic relations. It also works with other government agencies to develop U.S. negotiating positions on international economic, trade, and investment issues under discussion by international bodies such as the General Agreement on Tariffs and Trade (GATT), the Organization for Economic Cooperation and Development (OECD), and the United Nations Conference on Trade and Development (UNCTAD).

IEP plays a major role in monitoring and implementing multilateral trade agreements. In the Tokyo Round of the MTN (1974–79), which resulted in significantly reduced tariff and non-tariff barriers to trade, IEP participated actively, in cooperation with other ITA units, in providing staff support and policy guidance to the U.S. negotiating team. IEP is now responsible for monitoring foreign government compliance with various MTN codes (including those on government procurement, product standards, import licensing, and customs evaluation), as well as for enforcing American rights under the agreements.

IEP also has major responsibility for reducing impediments to international commerce and promoting U.S. efforts on a bilateral and regional basis.

Through its staff of geographical specialists, the "country desk officers," IEP coordinates the Department's activities and programs involving specific countries and regions. Overseas, it assists the U.S. Foreign Commercial Service in coordinating the program support provided to U.S. exporters by the Department's 124 foreign posts. At home, IEP's staff identifies export markets and opportunities, develops commercial programs and country marketing strategies, counsels U.S. business, and works to resolve specific bilateral issues. By monitoring economic and political developments around the world, IEP facilitates U.S. trade and investment in all regions.

IEP represents the Department of Commerce on the Overseas Private Investment Corporation and on the Committee on Foreign Investment in the United States. It participates in the Interageny Trade Policy Committee's activity of formulating policy positions on a wide range of trade issues. It also manages a number of bilateral joint commissions.

Trade Development

ITA's Trade Development (TD) unit advises on trade and investment policies pertaining to U.S. business sectors. It carries out programs to promote world trade and to strengthen the international trade and investment position of the United States.

Specific TD functions include directing the Department's involvement in trade fairs, trade missions, and other overseas trade promotion events. TD conducts programs fostering export awareness among American firms, especially small and medium-sized firms. It develops programs to improve the access to U.S. products and services to foreign markets, including the identification of trade barriers and surveyance of U.S. laws and practices affecting international trade. Special industry activites facilitate exports of major projects and high-technology products.

In developing trade policy recommendations that bear on specific industries or products, TD obtains private sector views on issues affecting international economic and commercial policies, represents the Department of Commerce in international finance/development assistance affairs, and assists U.S. companies in competing for major infra-structure and industrial systems contracts abroad. TD also coordinates the work of the President's Export Council.

An important part of TD's responsibilities is monitoring and implementing aspects of the Multilateral Trade Negotiations that deal with individual business sectors. In conjunction with this, TD also advises and assists U.S. businesses on their rights and the opportunities arising from the MTN agreements.

TD is the focal point for coal export promotion and policy. As such, it is responsible for providing export-promotion service for coal, conducting market research, developing and implementing coal-export policies, and coordinating the coal-related activities of other federal agencies.

In addition, TD manages ITA's research and information-gathering network, using the data obtained to help formulate trade policy and assist specific industries. TD initiates and reviews research studies and forecasts on U.S. international trade and competitiveness. It manages a program of trade and international economic statistical analyses for U.S. Government and business, monitors and analyzes foreign investment in the United States, and operates export information programs.

Trade Administration

Responsibility for implementing key U.S. trade laws and regulations falls to ITA's Trade Administration (TA) unit. Under the authority of the Export Administration Act, TA controls exports of commodities and technical information for reasons of national security, foreign policy, or short supply. TA develops and publishes export control regulations and procedures, assists industry with related questions, and issues export licenses. It investigates license violations and otherwise checks on business compliance with U.S. export laws.

In the event of war or other national emergency, TA is responsible for mobilizing U.S. industrial resources in a timely, efficient manner. Part of TA's preparation for mobilization includes training and maintenance of the National Defense Executive Reserve, a cadre of senior business executives able to step quickly into vital government functions.

TA also administers U.S. laws which forbid U.S. firms to comply with foreign boycotts against countries friendly with the United States.

Since 1980, TA has administered legislation dealing with unfair trade practices of foreign countries. Its antidumping activities, for instance, deal with situations in which foreign firms export goods to the United States at prices lower than those in their home markets. Through enforcement of countervailing duties, TA offsets the unfair competitive advantage of foreign goods entering the United States with the assistance of foreign subsidies.

TA administers the U.S. Foreign Trade Zones program which encourages processing of goods in the United States.

For further information, contact the Office of Public Affairs, Department of Commerce, Washington, D.C. 20230. Phone (202) 377-3808

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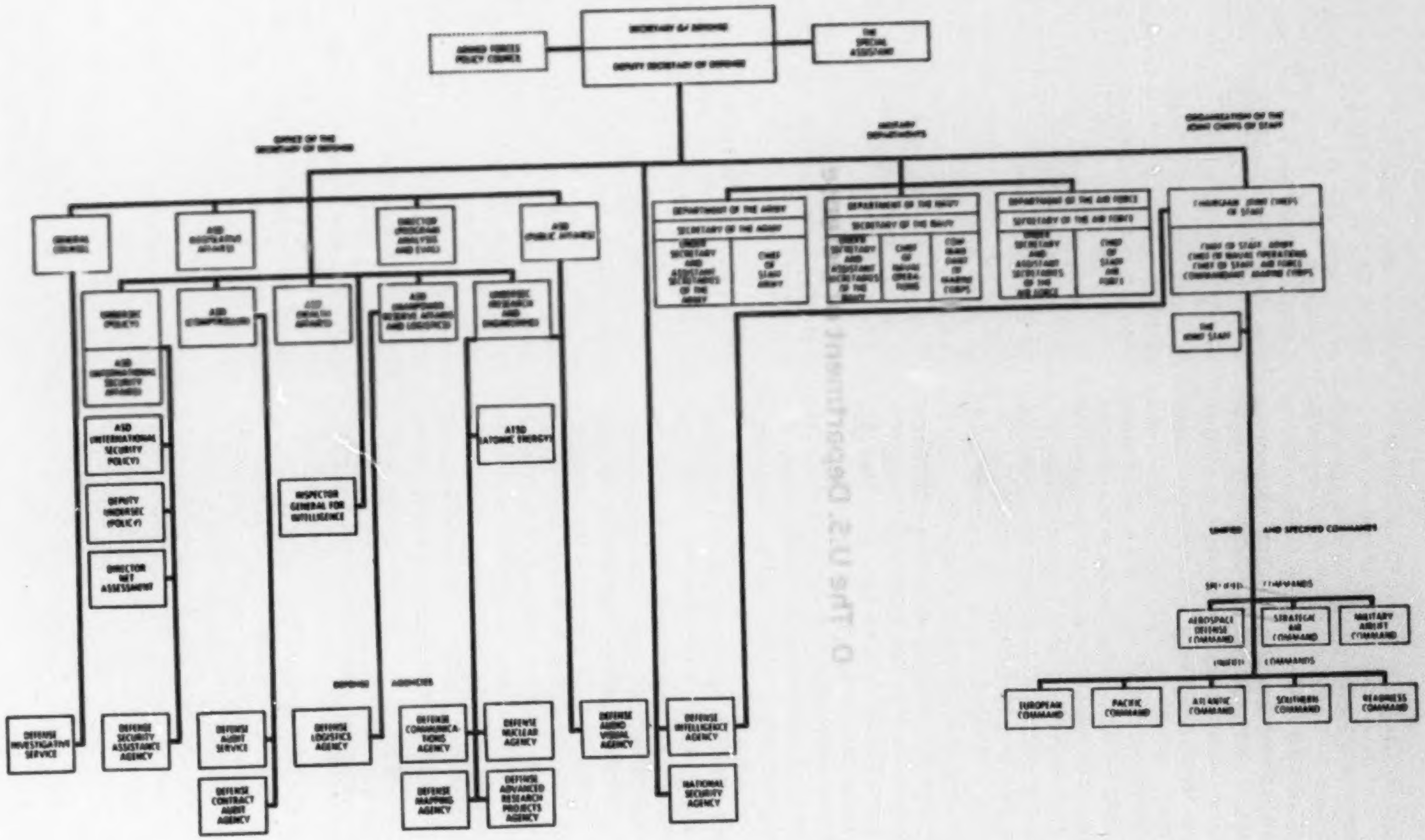
D. The U.S. Department of Defense

DEPARTMENT OF DEFENSE


SECRETARY OF DEFENSE
DEPUTY SECRETARY OF DEFENSE
ARMED FORCES POLICY COUNCIL
THE SPECIAL ASSISTANT
OFFICE OF THE SECRETARY OF DEFENSE
MILITARY DEPARTMENTS
ORGANIZATION OF THE JOINT CHIEFS OF STAFF
GENERAL COUNSEL
ASD LEGISLATIVE AFFAIRS
DIRECTOR PROGRAM ANALYSIS AND EVAL
ASD (PUBLIC AFFAIRS)
UNDERSEC (POLICY)
ASD (COMPTROLLER)
ASD HEALTH AFFAIRS
ASD (MANPOWER RESERVE AFFAIRS AND LOGISTICS)
UNDERSEC RESEARCH AND ENGINEERING
ASD INTERNATIONAL SECURITY AFFAIRS
ASD (INTERNATIONAL SECURITY POLICY)
DEPUTY UNDERSEC (POLICY)
DIRECTOR NET ASSESSMENT
INSPECTOR GENERAL FOR INTELLIGENCE
ATSD (ATOMIC ENERGY)
DEPARTMENT OF THE ARMY
SECRETARY OF THE ARMY
UNDER SECRETARY AND ASSISTANT SECRETARIES OF THE ARMY
CHIEF OF STAFF ARMY
DEPARTMENT OF THE NAVY
SECRETARY OF THE NAVY
UNDER SECRETARY AND ASSISTANT SECRETARIES OF THE NAVY
CHIEF OF NAVAL OPERATIONS
COMMANDANT OF MARINE CORPS
DEPARTMENT OF THE AIR FORCE
SECRETARY OF THE AIR FORCE
UNDER SECRETARY AND ASSISTANT SECRETARIES OF THE AIR FORCE
CHIEF OF STAFF AIR FORCE
CHAIRMAN, JOINT CHIEFS OF STAFF
CHIEF OF STAFF, ARMY
CHIEF OF NAVAL OPERATIONS
CHIEF OF STAFF, AIR FORCE
COMMANDANT, MARINE CORPS
THE JOINT STAFF
UNIFIED AND SPECIFIED COMMANDS
SPECIFIED COMMANDS
AEROSPACE DEFENSE COMMAND
STRATEGIC AIR COMMAND
MILITARY AIRLIFT COMMAND
UNIFIED COMMANDS
EUROPEAN COMMAND
PACIFIC COMMAND
ATLANTIC COMMAND
SOUTHERN COMMAND
READINESS COMMAND
DEFENSE AGENCIES
DEFENSE INVESTIGATIVE SERVICE
DEFENSE SECURITY ASSISTANCE AGENCY
DEFENSE AUDIT SERVICE
DEFENSE CONTRACT AUDIT AGENCY
DEFENSE LOGISTICS AGENCY
DEFENSE COMMUNICATIONS AGENCY
DEFENSE MAPPING AGENCY
DEFENSE NUCLEAR AGENCY
DEFENSE ADVANCED RESEARCH PROJECTS AGENCY
DEFENSE AUDIO VISUAL AGENCY
DEFENSE INTELLIGENCE AGENCY
NATIONAL SECURITY AGENCY

D. Department of Defense

Overview

The Department of Defense (DoD) consists of the Department of the Army, Navy, and Air Force, and other defense components and agencies. DoD interest in international trade stems from the relationship of the defense mission to national security and to the need for providing the necessary equipment and services for the armed forces.

The Department of Defense is consulted by the Departments of State and Commerce and the U.S. Trade Representative in the course of the administration by the latter agencies of the export and trade laws. DoD also participates in the formulation of U.S. trade policy as it affects other DoD interests to include the following: maintenance of a viable defense industrial base, retention of independence and strength in modern technology, control of strategic trade in the East-West trade area, ensuring access to strategic materials, and furtherance of international security objectives.

Chapter 137 of Title 10, United States Code, is the basic statutory foundation for the policy governing the procurement of goods and services by the Department of Defense. The Defense Acquisition Regulation (DAR) implements this and other pertinent statutes and executive orders.

The law requires that contracts be awarded competitively. Foreign firms are free to bid on DoD procurements, as a general rule. However, over the years, the Buy American Act has provided for preference for U.S. industry by requiring the application of a price differential to the bids of foreign contractors.

The statutory requirement is that the differential for bid evaluation purpose be not less than six percent of the foreign firm's price (twelve percent in the case where U.S. small business bids are received). However, DoD has administratively set the price differential at fifty percent. Moreover, DoD has established a Balance of Payments Program, aimed at alleviating the impact of DoD expenditures on the nation's balance of international payments. The program supplements the Buy American policy in that it requires the use of evaluation procedures similar to those which implement Buy American. However, the Balance of Payments Program applies to purchase required for use outside the United States (for example, purchases made to support U.S. forces stationed in other countries), while Buy American does not.

In the 1976 DoD Appropriation Authorization Act, strengthened by the 1977 Act (P.L. 94–361), the Congress, in what is commonly referred to as the Culver–Nunn Amendment, declared it to be the policy of the United States that equipment for use of personnel of the Armed Forces of the United States stationed in Europe under the terms of the North Atlantic Treaty should be standardized or at least interoperable with equipment of other NATO partners. In addition, the Secretary of Defense was directed to waive the Buy American Act in order to promote a "two-way street" of cooperation in defense procurement among the NATO Allies.

Pursuant to the direction of Congress, DoD has entered into bilateral Memoranda of Understanding (MOUs) with the following twelve of the sixteen countries of the NATO Alliance: Canada, the United Kingdom, France, Germany, the Netherlands, Norway, Italy, Portugal, Belgium, Denmark, Turkey, and Spain.

Essentially, the MOUs provide that offers are to be evaluated without application of "buy-national" restrictions (which for DoD means the Buy American Act or the Balance of Payments Program, and cost of customs and duties are waived). The purchasing country follows its own contracting policies and procedures, but the intent is to place the industry of other MOU or "participating" countries on the same footing as that of the purchasing government.

DoD has four agreements with countries other than NATO which have reciprocal defense procurement provisions similar to the MOUs. Offset arrangements under Foreign Military Sales to Australia and Switzerland provide for special Buy American waivers, and Defense Cooperation Agreements with Israel and Egypt have similar provisions for limited waivers.

Much of the implementation for the reciprocal procurement MOUs is contained in a comprehensive revision of the DAR published as Defense Acquisition Circular 76–25 on 31 October, 1980.

On January 7, 1981, DAR implementation of the Government Procurement Code of the General Agreement on Trade and Tariffs (GATT) was published. In the United States, the Government Procurement Code was made a part of the

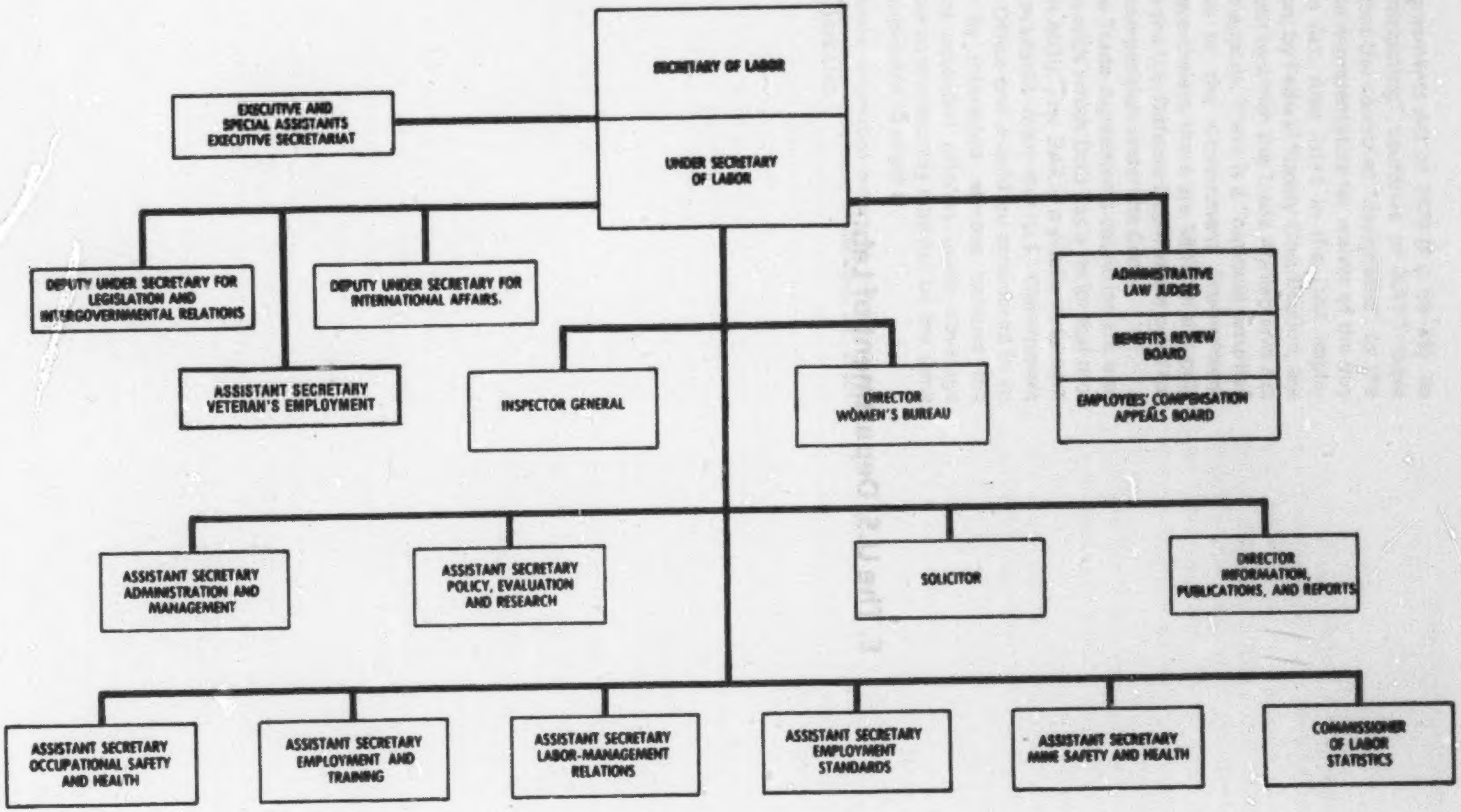
Trade Agreements Act of 1979 (P.L. 96–39). To the "participating" countries of NATO there were added the countries "designated" by the U.S. Trade Representative for waiver of the Buy American Act. Also listed in the DAR implementation, by Federal Supply Classification, are those items to which the Trade Agreements Act coverage applies. There is a "national security" exception to the Government Procurement Code; nevertheless, there are 58 federal supply classes in the U.S. Defense Department open for foreign competition under the Code.

Some Trade Agreements countries are also countries with which DoD has a reciprocal procurement MOU. The DAR is a public document readily available from the U.S. Government Printing Office and should be considered in its entirety by interested persons because the treatment accorded offerors under coverage applicable to one country may not be the same as that applicable to another.

For further information contact the office of Public Affairs, Department of Defense, Washington, D.C. 20301. Phone (202) 695-0192.

E. The U.S. Department of Labor

DEPARTMENT OF LABOR


SECRETARY OF LABOR
UNDER SECRETARY OF LABOR
EXECUTIVE AND SPECIAL ASSISTANTS EXECUTIVE SECRETARIAT
DEPUTY UNDER SECRETARY FOR LEGISLATION AND INTERGOVERNMENTAL RELATIONS
DEPUTY UNDER SECRETARY FOR INTERNATIONAL AFFAIRS.
ASSISTANT SECRETARY VETERAN'S EMPLOYMENT
INSPECTOR GENERAL
DIRECTOR WOMEN'S BUREAU
ADMINISTRATIVE LAW JUDGES
BENEFITS REVIEW BOARD
EMPLOYEES' COMPENSATION APPEALS BOARD
ASSISTANT SECRETARY ADMINISTRATION AND MANAGEMENT
ASSISTANT SECRETARY POLICY, EVALUATION AND RESEARCH
SOLICITOR
DIRECTOR INFORMATION, PUBLICATIONS, AND REPORTS
ASSISTANT SECRETARY OCCUPATIONAL SAFETY AND HEALTH
ASSISTANT SECRETARY EMPLOYMENT AND TRAINING
ASSISTANT SECRETARY LABOR-MANAGEMENT RELATIONS
ASSISTANT SECRETARY EMPLOYMENT STANDARDS
ASSISTANT SECRETARY MINE SAFETY AND HEALTH
COMMISSIONER OF LABOR STATISTICS

E. The U.S. Department of Labor

Overview

The Department of Labor promotes and develops the welfare of the wage earners of the United States, improves their working conditions, and advances their opportunities for profitable employment. In carrying out this mission, the Department administers federal labor laws guaranteeing workers' rights to safe and healthful working conditions, a minimum hourly wage and overtime pay, freedom from employment discrimination, unemployment insurance, and workers' compensation. The Department also protects workers' pension rights; sponsors job training programs; helps workers find jobs; works to strengthen free collective bargaining; and keeps track of changes in employment, prices, and other national economic measurements. As the Department seeks to assist all Americans who need and want to work, special efforts are made to meet the unique job market problems of older workers, youths, minority group members, women, the handicapped, and other groups.

International Affairs

The Department's International responsibilities are carried our under the direction of the Deputy Under Secretary for International Affairs and the Bureau of International Labor Affairs, which he supervises. The Bureau assists in formulating international economic and trade policies affecting American workers. In addition, it conducts and authorizes research on trade-related employment issues, coordinates input from the Labor Advisory Committees on trade, and acts as a conduit between other Executive departments or agencies and organized labor.

The Bureau helps represent the U.S. in multilateral and bilateral trade negotiations and on such international bodies as the General Agreement on Tariffs and Trade (GATT), the International Labor Organization and various U.S. organizations, and the organization for Economic Cooperation and Development (OECD). The Bureau also helps administer the U.S. labor attache program at embassies abroad, carries out overseas technical assistance projects, and arranges trade union exchange and other programs for foreign visitors to the United States.

Other Trade Related Activities

The Department of Labor administers the Trade Adjustment Assistance program which assists workers who have lost their jobs because of imports, through advanced training and retraining opportunities and unemployment and other allowances. This program is the responsibility of the Assistant Secretary for Employment and Training and the Office of Trade Adjustment Assistance, located in the Employment and Training Administration. The Department also participates in the work of the Adjustment Assistance Coordination Committee chaired by USTR.

For further information, contact the Bureau of International Labor Affairs,, Department of Labor, Washington, D.C. 20210. Phone (202) 523-6043.

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F. The U.S. Department of State

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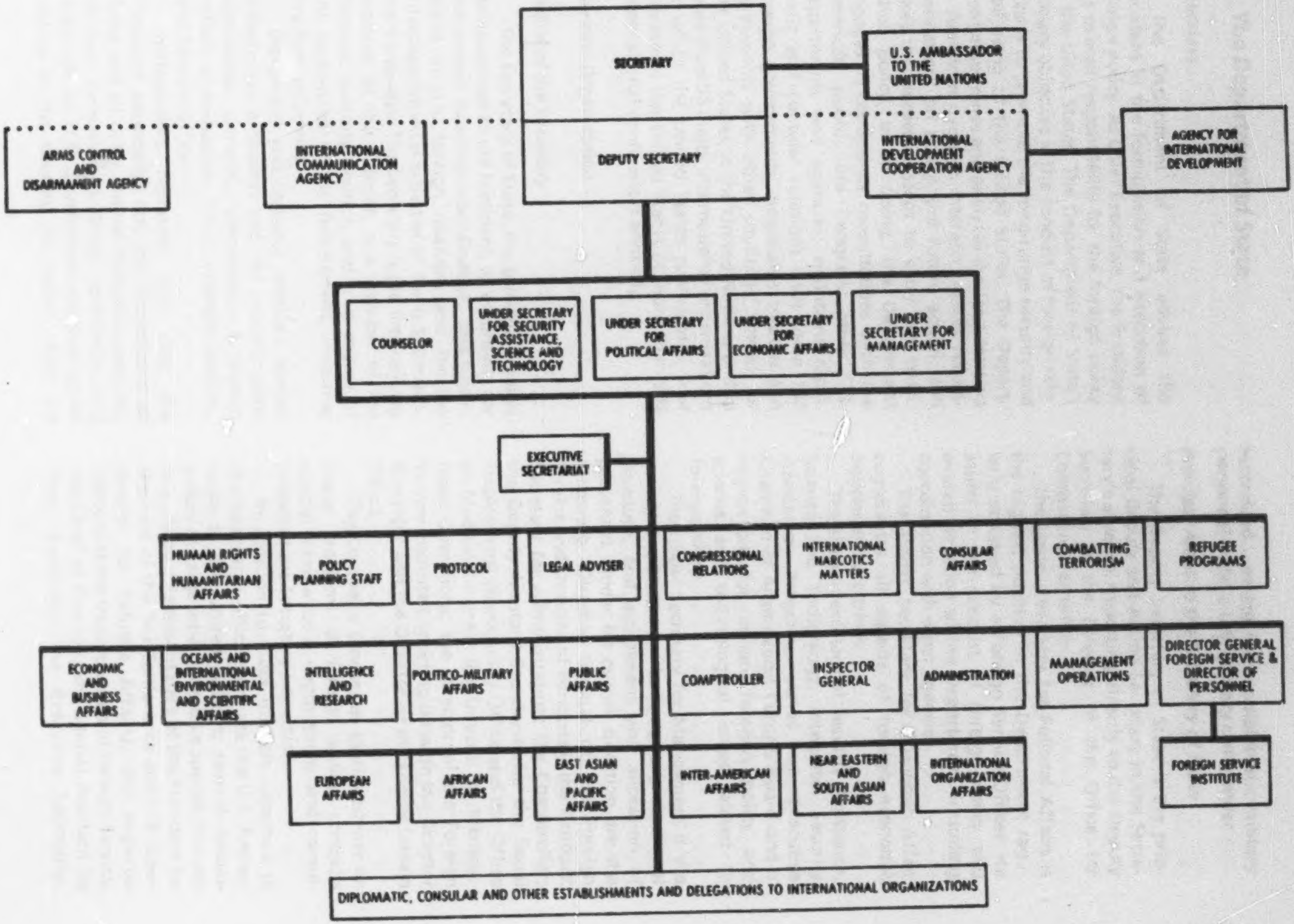
DEPARTMENT OF STATE


SECRETARY
DEPUTY SECRETARY
U.S. AMBASSADOR TO THE UNITED NATIONS
ARMS CONTROL AND DISARMAMENT AGENCY
INTERNATIONAL COMMUNICATION AGENCY
INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
COUNSELOR
UNDER SECRETARY FOR SECURITY ASSISTANCE, SCIENCE AND TECHNOLOGY
UNDER SECRETARY FOR POLITICAL AFFAIRS
UNDER SECRETARY FOR ECONOMIC AFFAIRS
UNDER SECRETARY FOR MANAGEMENT
EXECUTIVE SECRETARIAT
HUMAN RIGHTS AND HUMANITARIAN AFFAIRS
POLICY PLANNING STAFF
PROTOCOL
LEGAL ADVISER
CONGRESSIONAL RELATIONS
INTERNATIONAL NARCOTICS MATTERS
CONSULAR AFFAIRS
COMBATTING TERRORISM
REFUGEE PROGRAMS
ECONOMIC AND BUSINESS AFFAIRS
OCEANS AND INTERNATIONAL ENVIRONMENTAL AND SCIENTIFIC AFFAIRS
INTELLIGENCE AND RESEARCH
POLITICO-MILITARY AFFAIRS
PUBLIC AFFAIRS
COMPTROLLER
INSPECTOR GENERAL
ADMINISTRATION
MANAGEMENT OPERATIONS
DIRECTOR GENERAL FOREIGN SERVICE & DIRECTOR OF PERSONNEL
FOREIGN SERVICE INSTITUTE
EUROPEAN AFFAIRS
AFRICAN AFFAIRS
EAST ASIAN AND PACIFIC AFFAIRS
INTER-AMERICAN AFFAIRS
NEAR EASTERN AND SOUTH ASIAN AFFAIRS
INTERNATIONAL ORGANIZATION AFFAIRS
DIPLOMATIC, CONSULAR AND OTHER ESTABLISHMENTS AND DELEGATIONS TO INTERNATIONAL ORGANIZATIONS

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F. The Department of State

Overview

The Department of State advises the President in the formulation and execution of foreign policy. As Chief Executive, the President has overall responsibility for the foreign policy of the Uited States. The Department of State's primary objective in the conduct of foreign relations is to promote the long-range security and well-being of the United States. The Department determines and analyzes the facts relating to American overseas interests, makes recommendations on policy and future action, and takes the necessary steps to carry out established policy. In so doing, the Department engages in continuous consultations with the American public, the Congress, other U.S. departments and agencies; maintains diplomatic and consular relations with some 150 foreign governments; negotiates treaties and agreements with other countries; speaks for the United States in the United Nations and in more than 50 major international organizations in which the United States participates; and represents the United States at more than 900 international conferences annually.

General Organization

Office of the Secretary

The Secretary of State, the principal foreign policy adviser to the President, is responsible for the overall direction, coordination, and supervision of U.S. foreign relations and for the interdepartmental activities of the U.S. Government overseas. The Secretary is the first-ranking member of the Cabinet, is a member of the National Security Council, and is in charge of the operations of the Department, including the Foreign Service.

Diplomatic and consular missions abroad include 133 embassies and 101 consular posts (consulates general, consulates), 3 branch offices of embassies, 2 U.S. interests sections, and 1 liaison office.

Ambassadors represent not only the President personally, but the Department of State and all other federal Executive agencies. By law, Ambassadors direct, coordinate, and supervise all U.S. Government representatives posted in the country to which they are accredited – except for nondiplomatic military personnel under a U.S. military commander.

Principal Aides to the Secretary of State

The Deputy Secretary of State is the principal deputy and Acting Secretary in the Secretary's absence. Reporting directly to the Deputy Secretary is the Director of the Office for Combatting Terrorism.

The Under Secretary for Political Affairs is the highest position in the Department regularly occupied by a Foreign Service Officer. He assists in the conduct of foreign policy and overall direction of the Department, including coordination with other agencies.

The Under Secretary for Economic Affair coordinates all aspects of foreign economic policies and programs.

The Under Secretary of Security Assistance, Science and Technology, integrates Security Assistance Program, serves as Executive Chairman of Arms Export Control Board and is responsible for nonproliferation policy and science and technological issues related to foreign policy.

The Under Secretary for Mangement is the principal adviser on budget, organizational structure, and assignment and allocation of personnel. Under his overall direction are the following: Director General of the Foreign Service and Director of Personnel; the Assistant Secretary for Administration; the Comptroller; the Deputy Assistant Secretaries for the Equal Employment Opportunity Office and the Office of Medical Services; the Director of Management Operations; the Director of the Foreign Service Institute (reporting through the Director General); and the Director of the Family Liaison Office.

The Counselor services as special adviser on major problems of foreign policy, conducts special international negotiations and consultations at the Secretary's direction.

In addition to these officials, attached to the Secretary's office there are the U.S. Ambassador to the United Nations; several Ambassadors at Large who undertake special missions (e.g., Special Representative of the President for the Law of the Sea Conference and U.S. Coordinator for Refugee Affairs); the Inspector General of the Department and Foreign Service; the Chief of Protocol; the Special Assistant for Press Relations; the Executive Secretariat, including a 24-hour Operations Center; and the Policy Planning Staff.

Bureaus and Equivalent Offices

The Department of State is divided into bureaus or offices holding bureau status; 14 are functional, 5 are geographic.

The Bureau of Administration provides supply, procurement, and administrative services for the Department and for over $2 billion worth of U.S. Government-owned real estate abroad. Its security officers guard the Department, protect visiting foreign dignitaries, and supervise security – including the Marine Security Guard program – at U.S. Embassies and Consulates. It also is responsible for the Department's worldwide communications network, managing Department documents, and responding to requests under the Freedom of Information and Privacy Acts. Other services include maintaining the Department's library (more than 750,00 volumes), overseeing the printing of more than 5 milllion copies of Department publications a year, and providing exhibits for state visits of foreign officials.

The Office of Congressional Relations plays an important role in drafting and monitoring legislation affecting foreign policy and the Department. It seeks the views of Congress on major foreign policy issues, represents the Department in explaining U.S. foreign policy initiatives, and arranges formal and informal meetings, briefings, and appearances by Department personnel before Congressional Committees.

The Bureau of Consular Affairs assists Americans who travel or live abroad. Passport Services issues over 3 million passports a year. Through 250 U.S. diplomatic and consular posts abroad, Overseas Citizens Services gives assistance to Americans, ranging from distributing federal benefits checks to helping with sudden illness or death. Visa Services has oversight of U.S. consular officers who interview foreign nationals applying to come to the United States to settle, work,study, or visit; they issue some 6 million nonimmigrant and 300,000 immigrant visas annually.

The Bureau of Economic and Business Affairs deals with international energy policy, international monetary developments, trade policy, assistance to U.S. business overseas, aviation, shipping, telecommunications, foreign investment, patents, trademarks, technology transfers, commodity matters, and other international economic concerns.

The Bureau of Human Rights and Humanitarian Affairs handles the Department's responsibilities for human rights, asylum requests, and other humanitarian subjects. It provides policy guidance on human rights and related matters to the rest of the Department and works with other U.S. agencies to assure consistency of policy. The Bureau also maintains close liaison with nongovernmental agencies, as well as international institutions such as the United Nations, the International Committee of the Red Cross, and international financial institutions.

The Bureau of Intelligence and Research has three principle functions. It prepares current and long-range intelligence analyses for the Department, overseas missions, and other government agencies. It serves as the Department's coordinator with other members of the U.S. intelligence community to assure conformity of their programs with U.S. foreign policy. It manages the Department's program of external research, which furnishes foreign policy expertise from outside the government.

The Bureau of International Narcotics Matters conducts U.S. foreign policy with respect to narcotics and is responsible for a $40 million foreign assistance program aimed at international narcotics control.

The Bureau of International Organization Affairs manages U.S. participation in the United Nations and its system of programs and agencies – including the Security Council, the General Assembly, the World Health Organization, United Nations Educational, Scientific and Cultural Organization (UNESCO), United Nations Children's Fund (UNICEF), the United Nations High Commission for Human Rights, and many others. Its responsibilities within the U.N. system include concern for U.N. peacekeeping operations in the Middle East, control of atomic energy, and economic negotiations between industrialized and developing nations. The Bureau also deals with such international problems as food production, air traffic safety, communications, health, human rights, education, and the environment, along with a great many other issues which require multilateral attention and cooperation. In addition, the

Bureau is responsible for U.S. participation in more than 900 international conferences, a number of which the United States hosts.

The Office of Legal Adviser counsels the Secretary and Department on legal problems involved in formulating and executing foreign policy and administering the Department and Foreign Service.

Bureau of Oceans and International Environmental and Scientific Affairs assures that scientific, technological, and environmental developments are taken into account in the development and execution of American foreign policy. Established by an Act of Congress in 1974, the Bureau is divided into five divisions: Oceans and Fisheries Affairs; Nuclear Energy and Energy Technology Affairs; Environmental, Health, and Natural Resources Affairs; Population Affairs; and Scientific and Technological Affairs.

The Bureau of Personnel determines employment requirements, and administers recruitment, evaluation, assignment, career development, and retirement policies and programs.

The Bureau of Politico-Military Affairs develops and coordinates guidance for U.S. security policy (e.g., our aliances), military assistance programs, arms control matters, and nuclear nonproliferation and conventional arms transfer policy. It also maintains liaison with the Department of Defense and other agencies on political-military subjects.

The Bureau of Public Affairs works for a larger and more effective exchange of information and views on U.S. foreign relations between the Department and the American people. In doing this, the Bureau advises other elements of the Department on public opinion and arranges continuing contacts between Department officials and private citizens and groups through conferences, briefings, speaking, and media engagements in the Department and across the country. The Bureau produces and distributes publications, films, and other information and educational materials on U.S. foreign policy and the work of the Department and the Foreign Service; publishes the diplomatic history of the United States; and answers inquiries from the public through its Public Information Service. It also processes appeals from rulings under the Freedom of Information Act, the Privacy Act, and Executive Order 12065.

The Bureau for Refugee Programs administers refugee relief, care, and maintenance programs overseas and initial refugee reception programs within the United States. It has the lead responsibility for recommending levels of admissions to the United States of all refugees seeking resettlement here. The Bureau works closely with the Department's Office of the U.S. Coordinator for Refugee Affairs, which has responsibility for developing overall policy for U.S. refugee programs overseas and in this country.

Five Assistant Secretaries direct the activities of the geographic bureaus, which are responsible for our foreign affairs activities in the major regions of the world. These are the Bureaus of African Affairs, European Affairs, East Asian and Pacific Affairs, Inter-American Affairs, and Near Eastern and South Asian Affairs. The Assistant Secretaries for these Bureaus are responsible for advising the Secretary in the formulation of U.S. policies toward the countries within their regional jurisdiction and for guiding the operation of the U.S. diplomatic establishments in the countries within their regional jurisdiction. They also direct, coordinate, and supervise interdepartmental and interagency matters involving these regions. They are assisted in these duties by Directors within their bureau, who are responsible for overall guidance and interdepartmental coordination with respect to their assigned countries. These Directors are the single focal point in Washington for serving the needs of U.S. Ambassadors. They work closely with the Ambassadors at our missions abroad to ensure that all elements of a mission in a given country jointly pursue U.S. foreign policy directives.

The regional Assistant Secretaries also serve as Chairmen of Interdepartmental Groups in the National Security Council system. These groups discuss and decide issues which can be settled at the Assistant Secretary level, including those arising out of the implementation of National Security Council decisions.

Services for the Public

The Department of State is the world's most open and accessible foreign ministry. American and foreign correspondents alike have press passes and are free to enter the building, attend the daily briefings, and interview Department personnel. Hundreds of publications are published each year to inform the public. The public's access to services and facilities of the Department are so many and varied that few people are aware of their full range and scope.

Public Information

Americans receive information from the Department through many channels.

Of 520 accredited correspondents from the print and broadcast media, about 255 are American. Representatives of foreign media constitute more than 55% of the group, including 11 from the Soviet Union and 10 others accredited from Warsaw Pact countries. Nearly 30 Americans news-gathering agencies have office facilities in the building. Daily briefings are held by the Press office. During a crisis, briefings might be held at any hour of the day or night.

The Bureau of Public Affairs publishes more than 300 publications yearly. A list and description of them is found in *Selected State Department Publications*, available on request.

Publications containing current policies, historical background, and reports on specific issues, as well as films and other audio-visual materials, are available free of charge from:

Public Information Service
Bureau of Public Affairs
Department of State
Washigton, D.C. 20520
Telephone: (202) 632-6575/6

Public Programs

Speakers can be furnished for groups around the country wishing to discuss foreign policy. Conferences and seminars can be arranged in the Department for media, state and local government officials, business and labor leaders, scholars, and other citizen's groups. Requests should be directed to:

Office of Public Programs
Bureau of Public Affairs
Department of State
Washigton, D.C. 20520
Telephone (202) 632-2406

Correspondence

The Department also answers much of the mail sent to the President and the Secretary of State, responding to questions and comments on foreign policy.

Public Information Center

A Public Information Center assists those who come in person to the Department at the C Street lobby or who telephone: (202) 632-6575/6.

Historical Office

Scholars rely heavily on the Office of the Historian in the Bureau of Public Affairs and the encyclopedic series, *Foreign Relations of the United States*, the definitive work on the history of U.S. foreign relations. A major part of the work involves declassification of documents of historical significance. The office also assists scholars in researching specific historical events.

Passports

Americans planning to travel abroad for business or pleasure annually request more than 3 million passports, issued through 14 passport agencies and more than 3,000 authorized post offices and clerks of courts across the country. Passport agencies are located in Boston, Chicago, Detroit, Honolulu, Houston, Los Angeles, Miami, New Orleans, New York, Philadelphia, San Francisco, Seattle, Stamford, and Washington, D.C. Local telephone book listing: "United States Government, Department of State, Passport Agency."

Visas

Information concerning issuance of immigrant and nonimmigrant U.S. visas to foreign nationals may be obtained from:

Visa Services
Public Inquiries
Department of State
Washington, D.C. 20520
Telephone: (202) 632-1972

Consular Services

Americans abroad can seek assistance in more than 230 embassies and consulates if faced with such problems as arrest, financial difficulty, serious illness, or sudden death of a U.S. citizen. U.S. missions also distribute benefit checks, offer voting assistance for Americans living abroad, and prepare documentation for citizens born outside the United States.

Economic and Business Affairs

Americans on business abroad may go to the economic section of the embassies and consulates for information on economic developments and market conditions. In the United States, they may write to or call the Department for information on the foreign economic environment and its impact on businesses and investment opportunities:

Special Assistant for Legislative Matters and Public Affairs
Bureau of Economic and Business Affairs
Department of State
Washington, D.C. 20520
Telephone: (202) 632-1682

Emergency Services

Anyone in the United States concerned about the welfare or whereabouts of a U.S. citizen traveling or living abroad may write to or call:

Citizens Emergency Services
Room 4807
Department of State
Washington, D.C. 20520
Telephone: (202) 632-5225

Freedom of Information

Requests from the public for Department of State records may be addressed to:

Information and Privacy Coordinator
Bureau of Administration
Department of State
Washington, D.C. 20520

The public may also review Freedom of Information documents in a State Department reading room. For information, Telephone: (202) 632-8484.

Document Authentication

At 22d and D Streets, the Department maintains an Authentication Office to certify, with the Seal of the Department of State, certain documents for use in foreign countries. These include commercial documents, such as certificates of incorporation and powers of attorney for Americans doing business abroad; educational papers, such as degrees and transcripts of foreign students returning to their own countries; and papers carrying seals of other federal agencies or the seals of the 50 states. The office also certifies birth certificates of Americans born abroad. Telephone: (202) 632-0406/7.

Bookstore

The GPO Bookstore sells such State Department publications as the monthly *Department of State Bulletin*, single copies of the *Background Notes* on nearly 170 countries of the world, the Area Handbook series, Foreign Service Post Reports, the Diplomatic List, and the State Department Telephone Directory, as well as publications and posters issued by other U.S. Government departments. Hours are 9 a.m. to 5 p.m. Telephone: (202) 632-1437.

For further information concerning the Department of State, contact the Bureau of Public Affairs, Washington, D.C. 10520. Phone. (202) 632-6575.

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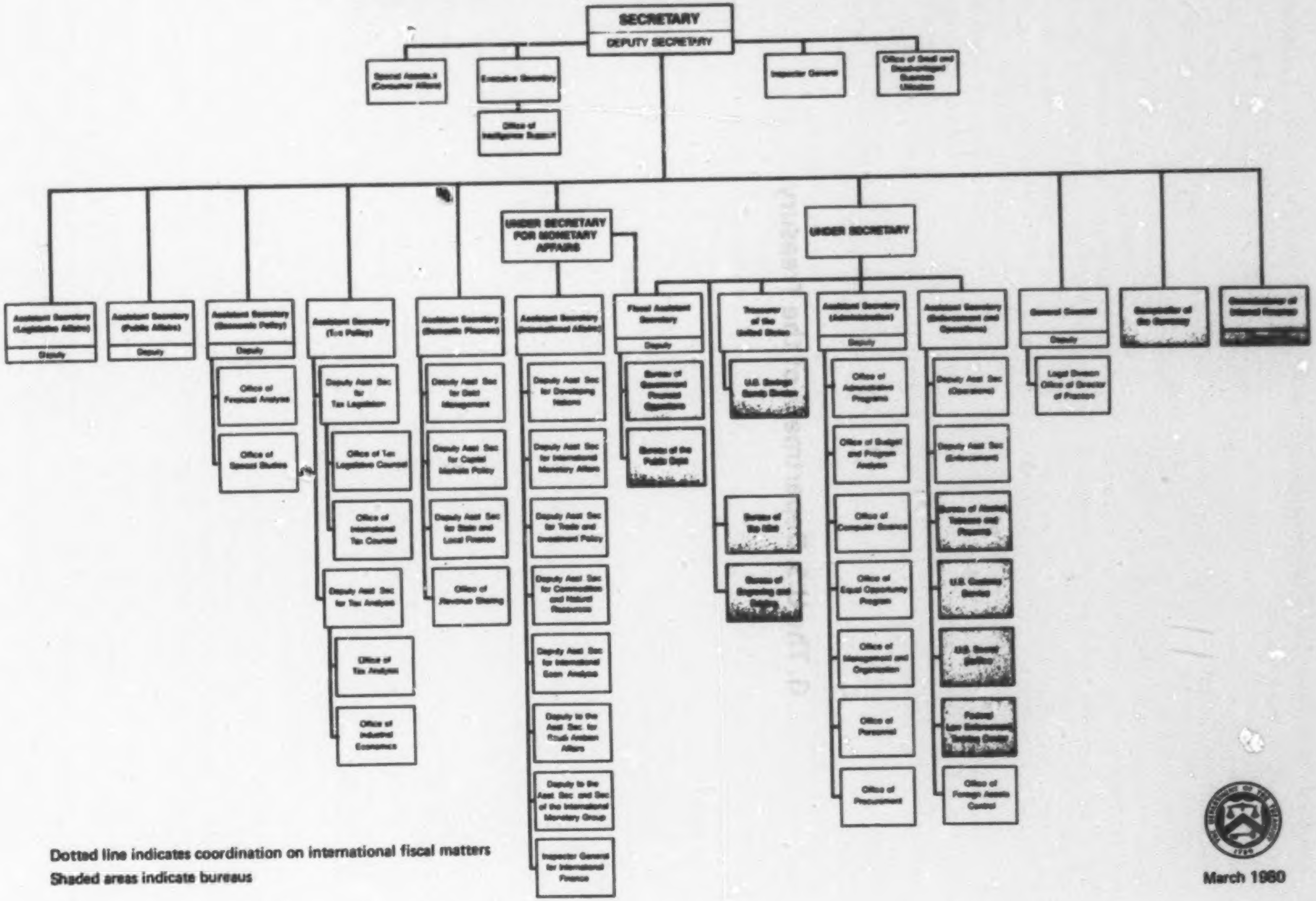
G. The U.S. Department of the Treasury

ORGANIZATION OF THE DEPARTMENT OF THE TREASURY


SECRETARY
DEPUTY SECRETARY
Special Assistant (Consumer Affairs)
Executive Secretary
Office of Intelligence Support
Inspector General
Office of Small and Disadvantaged Business Utilization
UNDER SECRETARY FOR MONETARY AFFAIRS
UNDER SECRETARY
Assistant Secretary (Legislative Affairs)
Deputy
Assistant Secretary (Public Affairs)
Deputy
Assistant Secretary (Economic Policy)
Deputy
Office of Financial Analyses
Office of Special Studies
Assistant Secretary (Tax Policy)
Deputy Asst. Sec. for Tax Legislation
Office of Tax Legislative Counsel
Office of International Tax Counsel
Deputy Asst. Sec. for Tax Analysis
Office of Tax Analysis
Office of Industrial Economics
Assistant Secretary (Domestic Finance)
Deputy Asst. Sec. for Debt Management
Deputy Asst. Sec. for Capital Markets Policy
Deputy Asst. Sec. for State and Local Finance
Office of Revenue Sharing
Assistant Secretary (International Affairs)
Deputy Asst. Sec. for Developing Nations
Deputy Asst. Sec. for International Monetary Affairs
Deputy Asst. Sec. for Trade and Investment Policy
Deputy Asst. Sec. for Commodities and Natural Resources
Deputy Asst. Sec. for International Econ. Analysis
Deputy to the Asst. Sec. for Saudi Arabian Affairs
Deputy to the Asst. Sec. and Sec. of the International Monetary Group
Inspector General for International Finance
Fiscal Assistant Secretary
Deputy
Bureau of Government Financial Operations
Bureau of the Public Debt
Treasurer of the United States
U.S. Savings Bonds Division
Bureau of the Mint
Bureau of Engraving and Printing
Assistant Secretary (Administration)
Deputy
Office of Administrative Programs
Office of Budget and Program Analysis
Office of Computer Science
Office of Equal Opportunity Program
Office of Management and Organization
Office of Personnel
Office of Procurement
Assistant Secretary (Enforcement and Operations)
Deputy Asst. Sec. (Operations)
Deputy Asst. Sec. (Enforcement)
Bureau of Alcohol, Tobacco and Firearms
U.S. Customs Service
U.S. Secret Service
Federal Law Enforcement Training Center
Office of Foreign Assets Control
General Counsel
Deputy
Legal Division Office of Director of Practice
Comptroller of the Currency
Commissioner of Internal Revenue

Dotted line indicates coordination on international fiscal matters

Shaded areas indicate bureaus

March 1980

G. The U.S. Department of the Treasury

Overview

The Department of the Treasury performs four basic types of functions: formulating and recommending economic, financial, tax, and fiscal policies; serving as financial agent for the U.S. Government; law enforcement; and manufacturing coins and currency.

As a major policy adviser to the President, the Secretary has primary responsibility for formulating and recommending domestic and international financial, economic, and tax policy; participating in the formulation of broad fiscal policies that have general significance for the economy; and managing the public debt. The Secretary also oversees the activities of the Department in carrying out its major law enforcement responsibility; in serving as the financial agent for the U.S. Government; and in manufacturing coins, currency, and other products for customer agencies.

In addition, the Secretary has many responsibilities stemming from his position as chief financial officer of the government. The Secretary serves as Chairman of the Cabinet-level Economic Policy Group and as U.S. Governor of the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, and the Africian Development Fund.

The Deputy Secretary assists the Secretary in the supervision and direction of the Department and its assigned programs, and acts for the Secretary in his absence, sickness, or unavailability.

The Under Secretary for Monetary Affairs advises and assists the Secretary and Deputy Secretary in domestic and international finance and economic matters. These responsibilities include the development of policies and guidance of Treasury Department activities in the Areas of international monetary affairs, trade and energy policies, domestic fiscal and economic matters, and management of the public debt.

International Affairs

The Secretary of the Treasury has primary responsibility for general economic policy and international monetary affairs. The Treasury Department participates in trade policy decisions to ensure that such decisions include a consideration of their impact on the economy, especially on inflation and employment.

Because Treasury has principal responsibility for international monetary affairs, it takes the lead on issues such as the relationship of trade to international monetary policy and on balance of trade and payments. As chairman of the National Advisory Committee on Finances, Treasury plays the key role in official export credit policy matters and negotiations. Treasury also participates in trade policy decisions that affect its enforcement responsibilities, particularly those of the U.S. Customs Service. (Discussed in section H.)

The Office of the Assistant Secretary for International Affairs advises and assists the Secretary and the Under Secretary for Monetary Affairs in the formulation and execution of policies dealing with international monetary, financial, commercial, energy, and trade policies and programs. The work of the Office is organized into groups responsible for monetary affairs, developing nations, trade and investment policy, commodities, and natural resources.

These functions are performed by supporting staff offices which conduct financial diplomacy with industrial and developing nations and regions, work toward improving the structure and operations of the international monetary system, monitor developments in gold and foreign exchange markets and official operations affecting those markets, facilitate structural monetary cooperation through the International Monetary Fund and other channels, oversee U.S. participation in the multilateral development banks and coordinate U.S. policies and operations relating to bilaterial and multilateral development lending programs and institutions, formulate policy financing of trade, coordinate policies toward foreign investments in the United States and U.S. investments abroad, and analyze balance of payments and other basic financial and economic data affecting world payments patterns and the world economic outlook.

As part of those functions, the Office supports the Secretary in his role as Co-Chairman of the U.S.–Saudi Arabian Joint Commission on Economic Cooperation, as Co-Chairman of the U.S.–Israel Joint Committee for Investment and Trade, as a member of other Middle Eastern joint commissions, as Co-Chairman of the

U.S.–U.S.S.R. Commercial Commission, as Co-Chairman of the U.S.–China Joint Economic Committee, as Chairman of the National Advisory Council on International Monetary and Financial Policies, as a member of the Joint Trade and Economic Commissions with Poland and Romania. This Office assists the Secretary in his role as chairman of the President's Economic Policy Group on all international economic issues.

Legislative Affairs

The Office of the Assistant Secretary for Legislative Affairs advises the Secretary and all sub-Cabinet officers on congressional relations policy and serves as the principal contact and coordinator of all departmental contacts with Congress and with congressional relations activities in the White House and other departments.

Public Affairs

The Office of the Assistant Secretary for Public Affairs advises the Secretary and his staff on the Department's relations with the news media, the White House Press Office, other government agencies, and the public; establishes general policies for administering public affairs programs in Treasury bureaus; and designs and implements public information policies and programs which will increase the public's knowledge and understanding of Treasury's activities and services.

Tax Policy

The Office of the Assistant Secretary for Tax Policy advises and assists the Secretary and the Deputy Secretary in the formulation and execution of domestic and international tax policies and programs.

These functions, carried out by supporting staff offices, include analysis of proposed tax legislation and tax programs, projections of economic trends affecting tax bases, studies of effects of alternative tax measures, preparation of official estimates of government receipts for the President's annual budget message, legal advice and analysis on domestic and international tax matters, assistance in the development and review of tax legislation and domestic and international tax regultions and rulings, participation in international tax treaty negotiations and in maintenance of relations with international organizations on tax matters, and prescription of depreciation rates and repair allowances.

General Counsel

The Office of the General Counsel furnishes legal advice to the Secretary with respect to his responsibilities as chief financial officer of the U.S. Government and as the overseer of the operating functions of the Treasury Department. The General Councel is the Chief law officer of the Department, and as such, is the head of the Legal Division, which is composed of all attorneys providing legal service to all offices and bureaus of the Department. The General Counsel also supervises the Office of the Director of Practice, which administers regulations governing the practice of representatives before the Internal Revenue Service and the establishment and conduct of disciplinary proceedings relating to such representatives.

For further information concerning the Office of the Secretary or Treasury-wide activities, contact the Public Affairs Office, Department of the Treasury, Washington, D.C. 20220. Phone (202) 566-2041.

H. The U.S. Customs Service

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H. The United States Customs Service

Overview

The fifth act of the first Congress, passed on July 31, 1789, established customs districts and authorized customs officers to collect duties on goods, wares, and merchandise imposed by the second act of the first Congress, dated July 4, 1789. The Bureau of Customs was established as a separate agency under the Treasury Department on March 3, 1927 (44 Stat. 1381) and, effective August 1, 1973, was redesignated the United States Customs Service by Treasury Department Order 165–23 of April 4, 1973.

Functions

The Customs Service collects the revenue from imports and enforces customs and related laws. Customs also administers the Tariff Act of 1930, as amended, and other customs laws. Some of the responsibilities with which Customs is specifically charged are assessing and collecting customs duties, excise taxes, fees, and penalties due on imported merchandise; interdicting and seizing contraband, including narcotics and illegal drugs; processing persons, carriers, cargo, and mail into and out of the United States; administering certain navigation laws; detecting and apprehending persons engaged in fradulent practices designed to circumvent customs and related laws; copyright, patent, and trademark provisions; quotas; and marketing requirements for imported merchandise.

Customs cooperates with and assists numerous U.S. Government agencies in administering and enforcing more than 400 statutory or regulatory requirements relating to international trade. In cooperation with the Commerce and State Departments, Customs enforces export control laws and intercepts illegal high technology exports, including arms, to Eastern-bloc countries. Customs cooperates with the Drug Enforcement Administration and works with foreign governments in efforts to suppress the traffic in illegal narcotics. Customs also collects and compiles international trade statistics and protects the general welfare and security of Americans by enforcing the requirements of other federal agencies. These requirements include automobile safety and emission control standards, as required under the National Traffic and Motor Vehicle Safety Act of 1966 and the Clean Air Act, and the prohibition against discharge of refuse and oil into or upon navigable coastal waters of the U.S., as outlined in the Oil Pollution Act.

Cooperation and assistance to other federal agencies also includes enforcing such laws and regulations as those involving electronic product radiation and radioactive material standards, counterfeit monetary instrument prohibitions, flammable fabric restructions, animal and plant quarantine requirements, food, and drug, and hazardous substance prohibitions.

Customs is extensively involved with outside commerical and policy organizations, trade associations, international organizations, and foreign customs services. Customs is a member of the multinational Customs Cooperation Council, the Cabinet Committee to Combat Terrorism, and the International Narcotics Control Program. In addition, Customs participates in and supports the activities and programs of a wide range of other international organizations and agreements including the General Agreement on Tariffs and Trade (GATT), the International Civil Aviation Organization, and the Organization of American States.

Headquarters of the U.S. Customs Service is located in Washington, D.C., under the supervision of the Commissioner of Customs who is appointed by the Secretary of the Treasury. The Service is decentralized and most of its personnel are stationed throughout the country and overseas, where its operational functions are performed.

The 50 states, plus the Virgin Islands and Puerto Rico, are divided into seven customs regions. Contained within these regions are 46 subordinate district area offices under which there are approximately 300 ports of entry.

The foreign field offices of the Customs Service are located in Montreal, Mexico City, London, Paris, Bonn, Rome, Hong Kong, Tokyo, and Brussels.

For further information contact the Public Affairs Office, U.S. Customs Service, Department of the Tresury, Washington, D.C. 20229. Phone (202) 566-5286.

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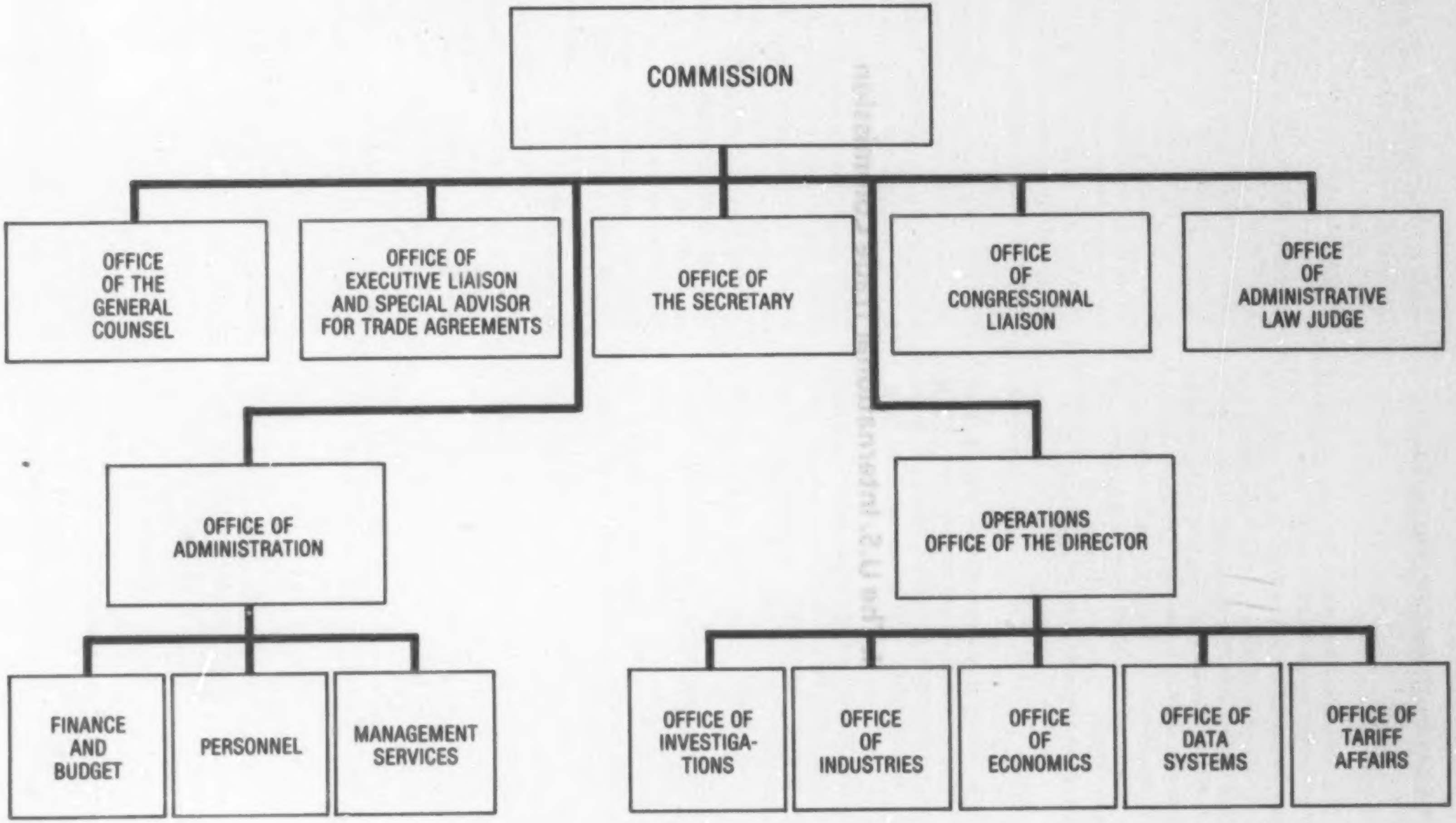
I. The U.S. International Trade Commission

UNITED STATES INTERNATIONAL TRADE COMMISSION


COMMISSION
OFFICE OF THE GENERAL COUNSEL
OFFICE OF EXECUTIVE LIAISON AND SPECIAL ADVISOR FOR TRADE AGREEMENTS
OFFICE OF THE SECRETARY
OFFICE OF CONGRESSIONAL LIAISON
OFFICE OF ADMINISTRATIVE LAW JUDGE
OFFICE OF ADMINISTRATION
OPERATIONS OFFICE OF THE DIRECTOR
FINANCE AND BUDGET
PERSONNEL
MANAGEMENT SERVICES
OFFICE OF INVESTIGA- TIONS
OFFICE OF INDUSTRIES
OFFICE OF ECONOMICS
OFFICE OF DATA SYSTEMS
OFFICE OF TARIFF AFFAIRS

I. The United States International Trade Commission

Overview

The United States International Trade Commission furnishes studies, reports, and recommendations involving international trade and tariffs to the President, the Congress, and other government agencies. In this capacity, the Commission conducts a variety of investigations, public hearings, and research projects pertaining to the international policies of the United States.

The United States International Trade Commission is an independent agency created by act of Congress approved September 8, 1916 (39 Stat. 795), as the United States Tariff Commission. The name was changed to the United States International Trade Commission by section 171 of the Trade Act of 1974 (88 Stat. 2009; 19 U.S.C. 2231). The Commission's present powers and duties are provided for largely by the Tariff Act of 1930, the Agricultural Adjustment Act, the Trade Expansion Act of 1962, the Trade Act of 1974, and the Trade Agreements Act of 1979.

The Commissioners appointed after January 3, 1975, are appointed for a term of 9 years, unless appointed to fill an unexpired term, and are not eligible for reappointment. The Chairman and Vice Chairman are designated by the President for two year terms, and succeeding Chairmen may not be of the same political party. The Chairman generally is responsible for the administration of the Commission. Prior to January 3, 1975, the Chairman and the Vice Chairman were designated annually by the President. Not more than three Commissioners may be members of the same political party. (Sec. 330, Tariff Act of 1930; 91 Stat. 867; 19 U.S.C. 1330.)

Functions

The Commission performs a number of functions pursuant to the statutes referred to above. Under the Tariff Act of 1930, the Commission is given broad powers of investigations relating to the customs law of the United States and foreign countries; the volume of importation in comparison with domestic production and consumption; the conditions, causes, and effects relating to competition of foreign industries with those of the United States; and all other factors affecting competition between articles of the United States and imported articles. The Commission is required to make available to the President, to the Commission on Ways and Means of the House of Representatives, and to the Committee on Finance of the Senate, whenever requested, all information at its command. Furthermore, it is directed to make such investigations and reports as may be requested by the President or by either of said Committees or by either branch of the Congress. TheTrade Agreements Act of 1979 (93 Stat. 144) repealed the Antidumping Act of 1921 and, through amendment of the Tariff Act of 1930, assigned significant new responsibilities to the Commission in the area of investigations of injury to domestic industries caused by subsidized or dumped imports.

In order to carry out these responsibilities, the Commission is required to engage in extensive research, conduct specialized studies, and maintain a high degree of expertise in all matters relating to the commercial and international trade policies of the United States. (Sec. 332, Tariff Act of 1930; 19 U.S.C. 1332.)

Advice Concerning Trade Negotiations

The Commission advises the President as to the probable economic effects on the domestic industry and on consumers, of modification of duties and other barriers to trade which may be considered for inclusion in any proposed trade agreement with foreign countries. (Sec. 131, Trade Act of 1954; 19 U.S.C. 2151.)

Generalized System of Preferences

The Commission advises the President with respect to every article which may be considered for preferential removal of the duty on imports from designated developing countries as to the probable economic effect the preferential removal of duty will have on the domestic industry and on consumers. (Sec. 131 and 503, Trade Act of 1974; 19 U.S.C. 2151, 2163.)

Import Relief for Domestic Industries

The Commission conducts investigations upon petition on behalf of an industry, a firm, a group of workers, or other entity representative of an industry to determine whether an article is being imported in such increased qualities as to be a substantial cause or threat of serious injury to the domestic industry producing an article like or directly competitive with the imported article. If the Commission's finding is affirmative, the President h... discretion to take action to provide import relief, such as an increase in duties, establishment of quantitative restrictions, orderly marketing arrangements, or specified types of adjustment assistance to groups of workers, firms, or communities. If the President does not provide relief in the form recommended by the Commission; and, if a concurrent resolution disapproving the action of the President is enacted by Congress, then the President is required to provide the relief recommended by the Commission. (Sec. 201, 202, and 203, Trade Act of 1974; 19 U.S.C. 2251–2253.)

The Commission reports with respect to developments within an industry that has been granted import relief and advises the President of the probable economic effect of the reduction or elimination of the tariff increase that has been granted. The President may continue, modify, or terminate the import relief previously granted. (Sec. 351, Trade Expansion Act of 1962; 19 U.S.C. 1981 and Sec. 203, Trade Act of 1974; 19 U.S.C. 2253.)

East-West Monitoring System

The Commission monitors imports into the United States from nonmarket-economy countries and makes a report not less frequently than once each calendar quarter on the effect of such imports on the production of like or directly competitive articles in the United States and on employment within the industry. (Sec. 410, Trade Act of 1974; 19 U.S.C. 2240.)

Trade with Communist Countries

The Commission makes investigations to determine whether increased imports of an article produced in a communist country are causing market disruption in the United States. If the Commission's determination is in the affirmative, the President may take the same action as in the case of injury to an industry, except that the action would apply only to imports of the article from the communist country. (Sec. 406, Trade Act of 1974; 19 U.S.C. 2436.)

Investigations Under the Tariff Act of 1930 Relating to Imported Articles Subsidized or Dumped (Sold at Less-Than-Fair Value)

Except for countervailing duty investigations involving dutiable imports from countries to which injury test does not apply, the Commission conducts preliminary investigations following the filing of petitions to determine whether there is a reasonable indication that injury to a domestic industry exists by reason of allegedly dumped or subsidized imports. If the Commerce Department determines that imports subject to an investigation are being dumped or subsidized, the Commission then conducts an investigation to determine whether a domestic industry is being materially injured by reason of such imports. A negative determination by the Commission ends the processing in each case.

If the Commerce Department determines to suspend an investigation upon acceptance of an agreement to eliminate the injurious effect of dumped or subsidized imports, the Commission may conduct an investigation to determine whether the injurious effect of imports of the merchandise which was the subject of the suspended investigation is eliminated completely by the agreement. (Secs. 704, 734, Tariff Act of 1930; 19 U.S.C. 1671c.) The Commission also conducts investigations to determine whether in light of changed circumstances, such a suspension agreement continues to eliminate completely the injurious effect of imports of the merchandise. (Sec. 751, Tariff Act of 1930; 19 U.S.C. 1675.)

The Commission conducts investigations to determine whether changed circumstances exist which indicate that an industry in the United States would not be threatened with material injury, or the establishment of such as industry would not be materially retarded, if the countervailing duty order or antidumping order resulting from affirmative final determinations by the Commission and the Commerce Department were modified or revoked. (Sec. 751, Tariff Act of 1930, 19 U.S.C. 1675.)

The Commission also keeps informed of the operation and effect of provisions relating to duties or other import restrictions of the United States contained in various trade agreements.

(Sec. 603, Trade Act of 1974,, 19 U.S.C. 2482.) Occasionally the Commission is required by statute to perform specific trade-related studies. Recent examples of such studies include a bill requiring the Commission to report on the impact of activities of the Export–Import Bank of U.S. industry, agriculture, and employment (92 Stat. 3641, Sec. 1911) and a bill requiring the Commission to report on the domestic economic impact of U.S. exports of certain industrial technology (91 Stat. 243, Sec. 118.)

Import Interference with Agricultural Programs

At the direction of the President, the Commission investigates, to determine whether any articles are being, or are practically certain to be, imported into the United States under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with, programs of the Department of Agriculture for agricultural commodities or products thereof, or to reduce substantially the amount of any product processed in the United States from such commodities or products; and it makes findings and recommendations. The President may restrict the imports in question by imposition of either import fees or quotas. (Sec. 22, Agricultural Adjustment Act, as amended; 7 U.S.C. 624.)

Unfair Practices in Import Trade

The Commission conducts investigations to determine whether unfair methods of competition or unfair acts being committed in the importation of articles into the United States or in their domestic sale, the effect or tendency of which is to substantially injure or destroy an efficiently and economically operated domestic industry, to prevent the establishment of such an industry, or to restrain or monopolize trade and commerce in the United States. If the Commission determines that there is a violation of the statute, it shall direct that the articles involved be excluded from entry into the United States; or in lieu of so acting, it may issue cease and desist orders directing the person engaged in such violation to cease and desist from engaging in such unfair methods or acts. Provision is made for the Commission to make certain public interest determinations which could result in the withholding of an exclusion or cease and desist order. Provision is made also for the President to disapprove, for policy reasons, a Commission order. The Commission determinations of violtion are subject to court review. (Sec. 337, Tariff Act of 1930; 19 U.S.C. 1337.)

Uniform Statistical Data

The Commission, in cooperation with the Secretary of the Treasury and the Secretary of Commerce, establishes for statistical purposes an enumeration of articles imported into the United States and exported from the United States, and seeks to establish comparability of such statistics with statistical programs for domestic production.

In conjunction with such activities, the three agencies are to develop concepts for an international commodity code for reporting transactions in international trade and to report thereon to the Congress. (Sec. 484(e), Tariff Act of 1930; 19 U.S.C. 1484(e), and Sec. 608, Trade Act of 1974.)

Tariff Schedules of the United States, Annotated

The Commission issues a publication containing U.S. tariff schedules and related matters and considers questions concerning the arrangement of such schedules and the classification of articles. (Sec. 201, Tariff Classification Act of 1962; 76 Stat. 74, Secs. 332(a) and 484(e), Tariff Act of 1930; 19 U.S.C. 1332(a) and 1484(e).)

International Trade Studies

The Commission conducts studies, investigations, and research projects on a broad range of topics relating to international trade pursuant to requests of the President, the House Ways and Means Committee, the Senate Finance Committee, either branch of the Congress, or on its own motion. Public reports of these studies, investigations, and research projects are issued in most cases. (Sec. 332,Tariff Act of 1930; 19 U.S.C. 1332.)

The Commission also must be well informed about the operation and effect of provisions relating to duties or other import restrictions of the United States contained in various trade agreements. (Sec. 603, Trade Act of 1974, 19 U.S.C. 2482.) Occasionally, the Commission is required by statute to perform specific trade-related studies. Recent examples of such studies include a bill requiring the Commission to report on the impact of activities of the Export–Import Bank on U.S. industries, agriculture, and employment (92 Stat. 3641, Sec. 1911) and a bill requiring the Commission to report on the domestic economic impact of U.S. exports of certain industrial technology. (91 Stat. 243, Sec. 118.)

Tariff Summaries

From time to time the Commission prepares and publishes a series of summaries of trade and tariff information. These summaries contain descriptions (in terms of the Tariff Schedules of the United States) of the thousands of products imported into the United States, methods of production, and the extent and relative importance of U.S. consumption, production, and trade, together with certain basic factors affecting the competitive position and economic health of domestic industries. (Sec. 332, Tariff Act of 1930; 19 U.S.C. 1332.)

Sources of Information

Inquiries should be directed to the specific organizational unit or to the Secretary, U.S. International Trade Commission, 701 E Street, N.W., Washington, D.C. 20436. Reading rooms are to be found in the Office of the Secretary and in the Commission Library.

The Commission publishes results of investigations concerning various commodities and subjects: it also publishes a series of reports on chemicals. Other publications include Summaries of Trade and Tariff Information, an annual report to the Congress on the operation of the trade agreements program, and an annual report ot the Congress of Commission activities. Specific information regarding these publications can be obtained from the Office of the Secretary.

For further information contact the Secretary, United States International Trade Commission, Washington, D.C. 20436. Phone (202) 523-0161.

J. The Export–Import Bank of the United States

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J. Export–Import Bank of the United States

Overview

The Export–Import Bank of the United States, known as Eximbank, facilities and aids in financing exports of U.S. goods and services. Eximbank has implemented a variety of programs to meet the needs of the U.S. exporting community, according to the size of the transaction. These programs take the form of direct lending or the issuance of guarantees and insurance so that exporters and private banks can extend appropriate financing without taking undue risks. Eximbank's direct lending program is limited to larger sales of U.S. products and services around the world. The guarantees, insurance, and discount programs have been designed to assist exporters in smaller sales of products and services.

The Export–Import Bank of Washington was authorized in 1934 as a banking corporation organized under the laws of the District of Columbia (Executive Order 6581, February 2, 1934). The Bank was continued as an agency of the United States by acts of Congress in 1935, 1937, 1939, and 1940. It was made an independent agency of the U.S. Government by the Export–Import Bank Act of 1945 (59 Stat. 526, 12 U.S.C. 635), subsequently amended in 1947 to reincorporate the Bank under federal charter. The name was changed to Export-Import Bank of the United States (Eximbank) by Act of March 13, 1968 (82Stat. 47).

The purpose of the Bank is to aid in financing and to facilite exports and the exchange of commodities between the United States or any of its territories of insular possessions and any foreign country or the agencies or nationals thereof. The Export– Import Bank Act of 1945, as amended, expresses the policy of the Congress that the Bank should supplement and encourage, not compete with private capital; that loans should generally be for specific purposes and at rates based upon the average cost of money to the Bank (as well as the Bank's mandate to provide competitive financing) and offer reasonable assurance of repayment; that financing should be provided for U.S. exports at rates and on terms which are competitive with the financing provided by the United States' principal foreign competitors; and that in authorizing loans or guarantees, account should be taken of any serious adverse effects upon the competitive position of U.S. industry, the availability of materials which are in short supply in the United States, and employment in the United States.

Activities

The Bank is authorized to have outstanding at any one time dollar loans, guarantees, and insurance in aggregate amount not in excess of $40 billion. The Bank is also authorized to have a capital stock of $1 billion and to borrow from the United States Treasury up to $6 billion outstanding at any one time.

The recognition that export credit availability is as important a competitive tool as price, quality, or service has resulted in programs designed to meet specific exporter needs and to broaden significantly the horizon of export opportunity for American industry.

Among the programs Eximbank offers are those relating to direct credits to borrowers outside the United States, export credit insurance, and export credit guarantees. Long-term direct credits to foreign borrowers are usually extended in connection with sales abroad of capital goods. Eximbank will finance a portion of the U.S. costs with the balance of the financing provided from the borrower's own resources and private sources. Eximbank may guarantee part or all of the private financing.

Facilities of the Foreign Credit Insurance Association (FCIA), an association of commercial insurance companies formed by Eximbank and the insurance industry in 1961 to provide credit protection for US. exporters, are used by all sizes of businesses. Policies issued by FCIA insure repayment in the event of default by a foreign buyer and many be used as collateral for bank loans to U.S. exporters. FCIA policies cover both short-term and medium-term transactions and may cover, in addition to tangible goods, service contracts, leases, and other special situations. Under a similar program, Eximbank guarantees repayment to commercial banks which finance medium-term transactions for exporters.

For information, contact the Public Affairs Officer, Export–Import Bank of the United States, 8811 Vermont Avenue, N.W., Washington, D.C. 20571. Phone (202) 566-8990.

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K. The U.S. International Development Cooperation Agency

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K. United States International Development Cooperation Agency

Overview

The International Development Cooperation Agency (IDCA) was established by Reorganization Plan No. 2 of 1979 (44 FR 41165) effective October 1, 1979, to be a focal point within the U.S. Government for economic matters affecting U.S. relations with developing countries.

IDCA's function is policy planning, policymaking, and policy coordination on the range of international economic issues affecting developing countries. IDCA's mission is twofold: first, to ensure that development goals are taken fully into account in all Executive Branch decision making on trade, financing and monetary affairs, technology, and other economic policy matters affecting the less developed nations; and second, to provide strong direction for U.S. economic policies toward the developing world and a coherent development strategy through the effective use of U.S. bilateral development assistance programs and U.S. participation in multilateral development organizations.

The Director of the IDCA serves as the principal international development adviser to the President and to the Secretary of State, subject to guidance concerning the foreign policy of the United States from the Secretary of State.

Functions and Activities

IDCA has lead budget and policy responsibility for U.S. participation in United Nations (UN) and Organization of American States (OAS) programs whose purpose is primarily developmental. These include the U.S. Development Program (USDP), the U.N. Children's Fund (UNICEF), the World Food Programs, and the OAS Technical Assistance Funds.

U.S. participation in the multilateral development banks (MDB's), The World Bank Group and the regional development banks, is a shared responsibility of the Director of IDCA and the Secretary of the Treasury, who will continue to instruct U.S. representatives to the MDB's. The Director of IDCA is consulted by the Secretary of the Treasury in the selection of the U.S. Executive Directors of the multilateral banks. The Director advises the Secretary and the U.S. representatives on development programs and policies, and on each development project of the multilateral banks.

The direction of the Food for Peace Program (Public Law 480) is a shared responsibility of IDCA and the Department of Agriculture. IDCA plays an important role in the implementation of the U.S. Economic Support Fund and a number of other development-related activities and programs.

The Director of IDCA and senior agency staff chair and participate in a wide range of interagency committees. The Director is a member of the National Advisory Committee on International and Monetary Affairs, the Trade Policy Committee, and the Advisory Committee on Agricultural Assistance. The Chairmanship of the National Security Council's Policy Review Committee rests with the IDCA Director when that Committee takes up development issues.

The Director chairs the Development Coordination Committee, a broad interagency body that coordinates development and development-related policies and programs. As Chair of this Committee, the IDCA Director annually prepares and submits to the Congress a report on development coordination. This report reviews the efforts undertaken by the U.S. Government in the past year to promote international economic development, and it discusses key issues facing policymakers in the development field.

IDCA has responsibility for policy instructions for a number of U.S. programs affecting developing countries. The IDCA Director provides policy guidelines for the bilateral assistance program to use in developing projects and programs. The Director works with other agencies in formulating the position the United States will take in international conferences or negotiations on many issues of concern to developing countries.

Additional Components of the Agency

The Director of IDCA is specifically assisted in the pursuit of the agency's mission by three additional conponents of IDCA–the Agency for International Development (AID), the Overseas Private Investment Corporation (OPIC), and the Trade and Development Program (TDP). These will be discussed on the following pages.

Agency for International Development

The Agency for International Development (AID) carries out assistance programs designed to help the people of certain less developed countries develop their human and economic resources, increase productive capacities, and improve the quality of human life, as well as to promote economic or political stability in friendly countries.

The AID Administrator is also the Acting Director of the International Development Cooperation Agency. The Administrator is charged with central direction and responsibility for the U.S. foreign economic assistance program. The Agency consists of a central headquarters staff in Washington, D.C., and missions and offices overseas.

The Foreign Assistance Act of 1961, as amended, authorizes the Agency to administer two kinds of foreign economic assistance, development assistance and economic support funds. The agency, in cooperation with the Department of Agriculture and the Department of State, also implements Public Law 480, the Agricultural Trade Development and Assistance Act of 1954 (68 Stat. 454; 7 U.S.C. 1691 et seq.) as amended, specifically the sale of agricultural commodities on concessional terms (Title I), the donation of agricultural commodities (Title II), and the provision of food under the Food for Development Program (Title III).

To implement its economic assistance programs, the Agency utilizes the following tools authorized by the Foreign Assistance Act: loans, on concessional terms repayable in dollars, to developing countries, emphasizing assistance in long-range plans and programs designed to meet the basic human needs of poor people in developing countries and achieve self-sustaining growth with equity; technical cooperation and development grants to promote economic development, including specific grant authorities for U.S. research, educational institutions, American schools and hospitals abroad; reimbursement for international transportation costs for private, registered U.S. voluntary agency shipments of humanitarian relief and rehabilitation supplies; housing and other credit guarantee programs, including agricultural and productive credit and self-help community development programs; development research into and evaluation of the process of economic development; and reimbursable assistance to help developing countries that can afford to pay for their own development in obtaining U.S. technology. Loan and grant assistance for programs relating to population growth are provided to foreign governments, the United Nations and its specialized agencies, other international organizations and programs, U.S. and foreign nonprofit organizations, universities, hospitals, accredited health institutions, and voluntary health or other qualified organizations.

To prevent famine and promote freedom from hunger, the Agency provides assistance under Title XII, Chapter 2, Part I, of the Foreign Assistance Act of 1961, as amended, to support institution-building programs for the development of national and regional agricultural research, education, and extension capacities in developing countries; build and strengthen human resource skills for agricultural and rural development; support international agricultural research; and strengthen the capacities of land and sea grant and other eligible universities to participate more extensively in AID programs overseas.

For further information, contact the Office of Public Inquiries, Agency for International Development, Washington, D.C. 20523. Phone (202) 632-4200.

Overseas Private Investment Corporation

The Overseas Private Investment Corporation (OPIC) assists United States investors to make profitable investments in about 80 developing countries. It encourages investment projects that will help the social and economic development of these countries. At the same time it helps the U.S. balance of payments through the profits they return to this country, as well as the U.S. jobs and exports they create. OPIC offers U.S. investors assistance in finding investment opportunities, insurance to protect their investments, and loans and loan guarantees to help finance their projects.

The Overseas Private Investment Corporation was authorized as an independent agency in the Executive Branch pursuant to the act of December 30, 1969 (83 Stat. 805; 22 U.S.C. 2191 et seq.). The authorities were formally transferred to the Corporation by Executive Order 11579 of January 19, 1971. Executive Order 12163 of September 29, 1979 revoked Section 2(a) of Executive Order 11579 and delegated those functions to the Director of the International Development Cooperation Agency

(IDCA). The Director of IDCA redelegated to OPIC the functions under former Section 2(a) by IDCA Delegation No. 1, dated October 5, 1979.

OPIC is governed by a 13-member board of Directors, seven appointed from the private sector, six from the U.S. Government.

By reducing or eliminating the risks for investors and providing financing and assistance not otherwise available, OPIC helps ease the social, political, and economic problems that can make investment opportunities in the developing areas less attractive than in advanced countries. At the same time, it is reducing the need for government-to-government lending programs by involving the U.S. private sector in establishing capital-generating capacity and industrial capacity in developing countries.

OPIC insures U.S. investors against the political risks of expropriation, inconvertibility of local currency holdings, and damage from war, revolution, or insurrection. It also offers a special insurance policy to U.S. construction and service firms seeking contracts in developing countries.

OPIC offers U.S. lenders protection against both commercial and political risks by guaranteeing payment of principal and interest on loans ($2 million to $50 million) made to eligible private enterprises.

Its Direct Investment Fund loans cover terms of from 7 to 12 years, and range from $100,000 to $4 million with varying interest rates, depending on assessment of the financial risk and OPIC's opportunity to share in the project's financial success.

The Corporation offers investment information and counseling, and also shares in the costs of finding and developing projects.

Since OPIC programs are available only for a new facility, expansion or modernization of an existing plant, or new inputs of technology or services, the investments it covers are more likely to produce significant new benefits for host countries.

General inquiries may be directed to the Information Officer, overseas Private Investment Corporation, Washington, D.C. 20527. Phone (202) 632-2800.

Trade and Development Program

The functions of the Trade and Development Program were formerly carried out by the Reimbursable Development Program (RDP) in AID. In 1980, TDP was established as a component of IDCA and was given operational autonomy. Plans were made for gradual year to year increases in the level of program funding. The change was made to enhance TDP's impact on the U.S. balance of payments, middle-income country development, and technology transfers.

The Trade and Development Program (TDP) provides for the Transfer to developing countries of U.S. technologies, goods, and services from both the private and public sectors by grant-financing planning services (including pre-feasibility and feasibility studies) and authorizing the provision of goods and services on a reimbursable basis to middle-and upper-income developing countries. TDP is directed toward those developing countries not participating, or no longer included, in regular AID programs, but with whom the U.S. wishes to maintain a cooperative development and trade relationship. These countries may include AID-graduates, OPEC members, or may be any friendly developing country which desires to obtain U.S. technology.

TDP serves it twin objectives of promoting the economic development of friendly countries and of facilitating the use of U.S. goods and services in development projects through the following: the grant funding of project planning and related services to friendly countries for major development projects to enhance opportunities for U.S. export sales in project implementation (under the authority of Section 661 of the Foreign Assistance Act–FAA), and the provision of technical services to friendly governments on a reimbursable basis from and through U.S. Government agencies (under the authority of Section 607(a) of FAA).

General inquiries may be directed to the U.S. Trade and Development Program, Washington, D.C. 20523. Phone (202)235-3663.

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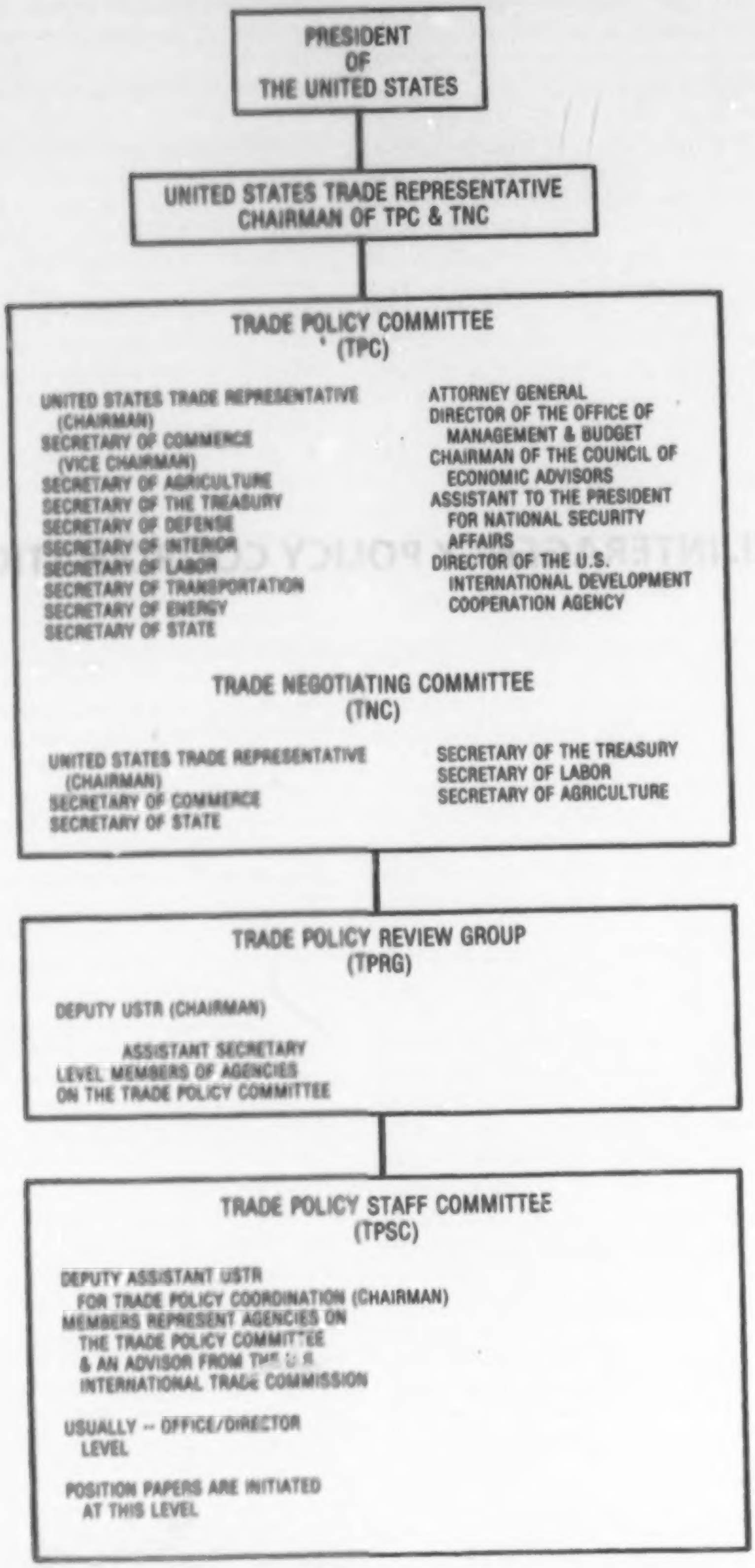
III. INTERAGENCY POLICY COORDINATION

U.S.
INTERNATIONAL TRADE POLICY INTERAGENCY COORDINATION



PRESIDENT
OF
THE UNITED STATES

UNITED STATES TRADE REPRESENTATIVE
CHAIRMAN OF TPC & TNC

TRADE POLICY COMMITTEE (TPC)

UNITED STATES TRADE REPRESENTATIVE (CHAIRMAN)
SECRETARY OF COMMERCE (VICE CHAIRMAN)
SECRETARY OF AGRICULTURE
SECRETARY OF THE TREASURY
SECRETARY OF DEFENSE
SECRETARY OF INTERIOR
SECRETARY OF LABOR
SECRETARY OF TRANSPORTATION
SECRETARY OF ENERGY
SECRETARY OF STATE
ATTORNEY GENERAL
DIRECTOR OF THE OFFICE OF MANAGEMENT & BUDGET
CHAIRMAN OF THE COUNCIL OF ECONOMIC ADVISORS
ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY AFFAIRS
DIRECTOR OF THE U.S. INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

TRADE NEGOTIATING COMMITTEE (TNC)

UNITED STATES TRADE REPRESENTATIVE (CHAIRMAN)
SECRETARY OF COMMERCE
SECRETARY OF STATE
SECRETARY OF THE TREASURY
SECRETARY OF LABOR
SECRETARY OF AGRICULTURE

TRADE POLICY REVIEW GROUP (TPRG)

DEPUTY USTR (CHAIRMAN)

ASSISTANT SECRETARY LEVEL MEMBERS OF AGENCIES ON THE TRADE POLICY COMMITTEE

TRADE POLICY STAFF COMMITTEE (TPSC)

DEPUTY ASSISTANT USTR FOR TRADE POLICY COORDINATION (CHAIRMAN)
MEMBERS REPRESENT AGENCIES ON THE TRADE POLICY COMMITTEE & AN ADVISOR FROM THE U.S. INTERNATIONAL TRADE COMMISSION

USUALLY -- OFFICE/DIRECTOR LEVEL

POSITION PAPERS ARE INITIATED AT THIS LEVEL

A. Overview

The Trade Agreements Act of 1934 laid the basis for the development of a U.S. trade policy, but the nature of that policy depended on the executive organization established for administering the law. Initially, the law provided that before concluding a trade agreement, "the President shall seek information and advice with respect thereto from the United States Tariff Commission, the Departments of State, Agriculture, and Commerce and from such other sources as he may deem appropriate." The purpose for this provision was to ensure a balanced approach to tariff adjustments.

Pursuant to the Trade Agreements Act of 1934 and an Executive organization order, the Trade Agreements Committee was established. The Trade Agreements Committee originally included eight agencies: The Department of State, Agriculture, Commerce, and Treasury, the Tariff Commission, the Agricultural Adjustment Administration, the National Recovery Administration, and the Office of the Special Advisor to the President on Foreign Trade. The primary function of the Trade Agreements Committee was to pool interagency information and to coordinate interagency activities and responsibilities under the Trade Agreements Act so as to provide a coherent and balanced trade policy. The Committee was chaired by the Secretary of State. Throughout the 1940's and 1950's the Committee fluctuated in size and effectiveness.

Under the Trade Expansion Act of 1962, the President established an interagency trade organization to assist him in carrying out his trade responsibilities. This organization, as it has evolved, consists of three tiers of committees, administered and chaired by the USTR. The organization is the principal mechanism for developing and coordinating U.S. Government positions on international trade and investment policy issues. Member agencies consist of the Departments of Commerce, Agriculture, State, Treasury, Labor, Justice, Defense, Interior, Transportation, and Energy, the Office of Management and Budget, the Council of Economic Advisors, the National Security Council, and the International Development Cooperation Agency.

The Trade Policy Committee (TPC), Trade Policy Review Group (TPRG), and Trade Policy Staff Committee (TPSC) are the principal interagency coordination groups for most U.S. trade policy decisions. The TPSC is the first line operating group, with representation at the senior civil servant level. Supporting the TPSC are 32 subcommittees responsible for specialized areas and several task forces that work on particular issues. If agreement is not reached in the TPSC, or if particularly significant policy questions are being considered, issues are taken up by the TPRG (Assistant Secretary level). The TPC provides for Cabinet-level review to resolve agency disagreements. When Presidential trade policy decisions are needed, the Chairman of the TPC (the USTR) submits recommendations and advice of the Committee to the President.

The 1979 reorganization provided for a Trade Negotiating Committee (TNC) within the TPC. Also chaired by the USTR, the TNC is composed of the Secretaries of State, Treasury, Agriculture, Commerce, and Labor.

B. Trade Policy Committee

United States Trade Representative
Chairman
United States Trade Representative
Suite 209, 600 17th Street, N.W.
(202)395-3204

Department of Commerce
Vice Chairman
Secretary of Commerce
Room 5851
(202)377-2112

Department of Agriculture
Member
Secretary of Agriculture
Room 200A
(202)447-3631

Council of Economic Advisers
Member
Chairman
Room 314, Old Executive Office Building
(202)395-5042.

Department of Defense
Member
Secretary of Defense
Room 3E880, Pentagon
(202)695-5261

Department of Energy
Member
Secretary of Energy
Room 7A-257, Forrestal Building
(202)252-6210

Department of the Interior
Member
Secretary of the Interior
Room 6151
(202)343-7351

Department of Justice
Member
Attorney General
Room 5111
(202)633-2001

Department of Labor
Member
Secretary of Labor
Room S-2018
(202)523-8271

National Security Council
Member
Assistant to the President for National Security
The White House
(202)456-2255

Office of Management and Budget
Member
Director, Office of Management and Budget
Room 252, Old Executive Office Building
(202)395-4840

Department of State
Member
Secretary of State
Seventh Floor
(202)632-4910

Department of Transportation
Member
Secretary of Transportation
Room 10200, Nassif Building
(202) 426-1111

Department of the Treasury
Member
Secretary of the Treasury
Room 3330
(202)566-2533

U.S. International Development Cooperation Agency
Member
Director
Room 5942, State Department
(202)632-9620

C. Trade Negotiating Committee

United States Trade Representative
Chairman
United States Trade Representative
Suite 209, 600 17th Street, N.W.
(202)395-3204

Department of Agriculture
Member
Secretary of Agriculture
Room 200A
(202)447-3631

Department of Commerce
Member
Secretary of Commerce
Room 5851
(202)377-2112

Department of Labor
Member
Secretary of Labor
Room S-2018
(202)523-8271

Department of State
Member
Secretary of State
Seventh Floor
(202)632-4910

Department of the Treasury
Member
Secretary of the Treasury
Room 3330
(202)566-2533

D. Trade Policy Review Group

United States Trade Representative
Chairman
Deputy United States Trade Representative
Suite 200, 600 17th Street, N.W.
(202)395-5114

Department of Agriculture
Member
Under Secretary
Room 212A
(202)447-3111

Department of Commerce
Member
Assistant Secretary for
International Economic Policy
Room 3862
(202)377-3022

Council of Economic Advisers
Member
Council Member
Room 311, Old Executive Office Building
(202)395-5046.

Department of Defense
Member
Assistant Secretary for
International Security Affairs
Room 4E808, The Pentagon
(202)695-9729

Department of Energy
Member
Assistant Secretary for International Affairs
Room 7C-016, Forrestal Building
(202)252-5800

Department of the Interior
Member
Assistant Secretary for Energy and Minerals
Room 6654
(202)243-2186

Department of Justice
Member
Assistant Attorney General for Antitrust
Room 3109
(202)633-2401

Department of Labor
Member
Deputy Under Secretary for
International Affairs
Room S-2235
(202)523-6043

National Security Council
Member
Director, Planning and Evaluation
Room 373, Old Executve Office Building
(202)395-4985

Office of Management and Budget
Member
Assistant Director for Economic Policy
Room 244, Old Executive Office Building
(202)395-5873

Department of State
Member
Assistant Secretary for
Economic and Business Affairs
Room 6828
(202)632-0396

Department of Transportation
Member
Assistant Secretary for
Policy and International Affairs
Room 10228
(202) 426-4544

Department of the Treasury
Member
Assistant Secretary for International Affairs
Room 3430
(202)566-5363

U.S. International Development Cooperation Agency
Member
Assistant Administrator Agency for
International Development
Room 3942, New State Building
(202)632-0482

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E. Trade Policy Staff Committee

United States Trade Representative
Chairman
Deputy Assistant United States
Trade Representative for Policy
Coordination
Suite 501, 600 17th Street, N.W.
(202)395-7210

Department of Agriculture
Member
Assistant Administrator
International Trade Policy
Foreign Agricultural Service
Room 5057, South Building
(202)447-6887

Department of Commerce
Member
Director, Planning and Evaluation Staff
Office of the Under Secretary
Room 3850
(202)377-2867

Council of Economic Advisers
Member
Senior Staff Economist
Room 311, Old Executive Office Building
(202)395-5893

Department of Defense
Member
Director
International Economic and Energy Affairs
Room 4B938, The Pentagon
(202)695-2161

Department of Energy
Member
Deputy Director
Office of Policy Coordination
and Development
Room 7G069, Forrestal Building
(202)252-6144

Department of the Interior
Member
Economist
Bureau of Mines
Room 644, 2401 E Street, N.W.
(202)634-1036

Department of Justice
Member
Chief, Foreign Commerce Section
Antitrust Division
Room 7115
(202)633-2464

Department of Labor
Member
Director
International Economic Policy and Programs
Room S-5313
(202)523-6171

National Security Council
Member
Member, National Security Staff
Room 392, Old Executive Office Building
(202)395-6961

Office of Management and Budget
Member
Chief, Economic Affairs Branch
Room 8235, New Executive Office Building
(202)395-3670

Department of State
Member
Director, Office of International Trade
Bureau of Economic and Business Affairs
Room 3831
(202)632-9458

Department of Transportation
Member
Deputy Director, Office of International
Policy and Programs
Room 10300
(202)755-7684

Department of the Treasury
Member
Director, Office of International Trade
Room 4428
(202)566-5305

U.S. International Development Cooperation Agency
Member
Deputy Director, USIDCA
Room 3669, New State Building
(202)632-8161

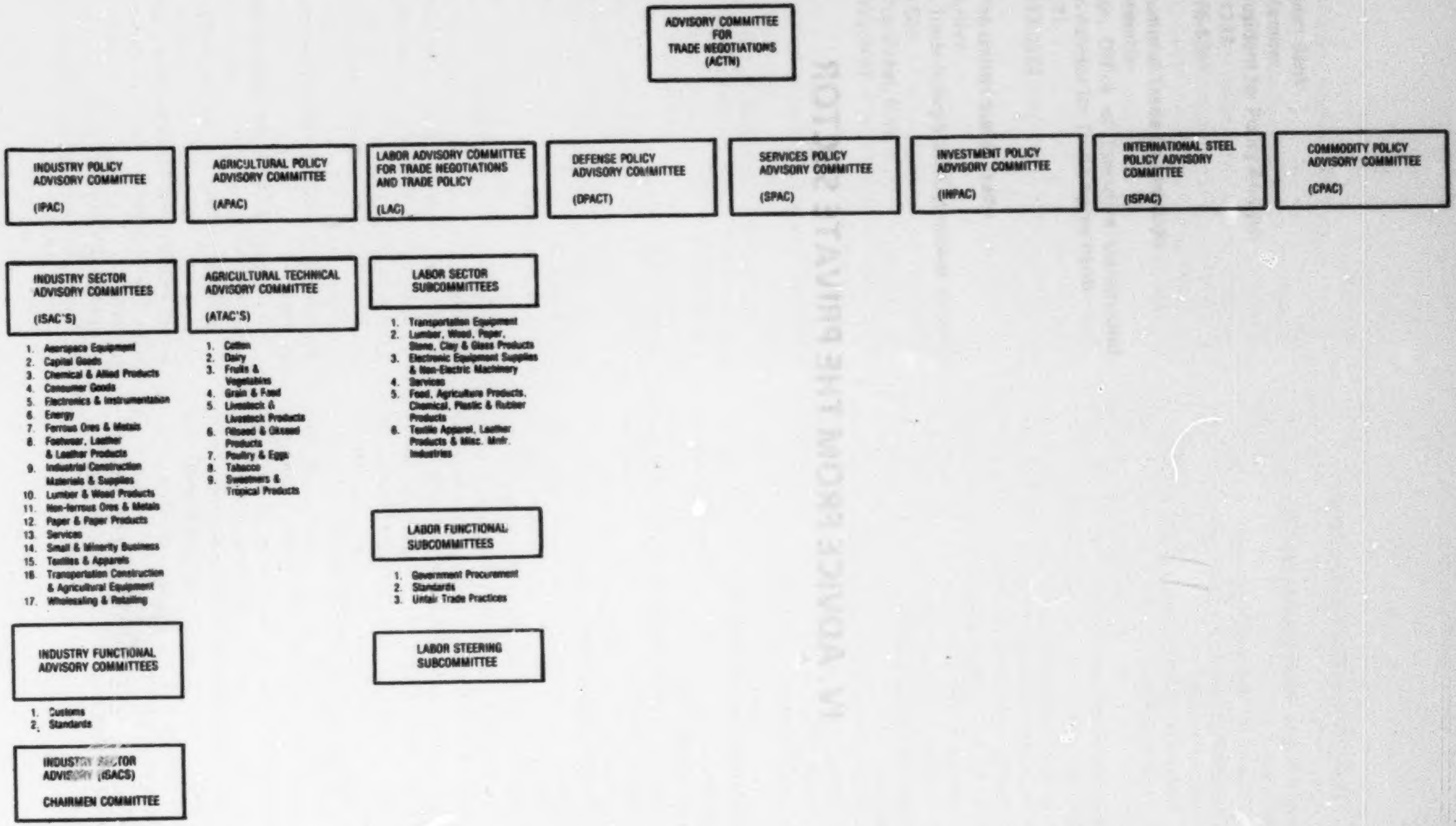
Export-Import Bank
Advisory Member
Vice President for Policy Analysis
Room 1233
(202)566-8861

U.S. International Trade Commission
Advisory Member
Director, Office of Executive Liaison and Special Advisor for Trade Agreements
Room 71
(202)523-0232

Office of the United States Trade Representative
Secretary, Trade Policy Staff Committee
Room 500
600 17th Street, N.W.
(202)395-3487

IV. ADVICE FROM THE PRIVATE SECTOR

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
ADVISORY COMMITTEE SYSTEM


ADVISORY COMMITTEE FOR TRADE NEGOTIATIONS (ACTN)
INDUSTRY POLICY ADVISORY COMMITTEE (IPAC)
AGRICULTURAL POLICY ADVISORY COMMITTEE (APAC)
LABOR ADVISORY COMMITTEE FOR TRADE NEGOTIATIONS AND TRADE POLICY (LAC)
DEFENSE POLICY ADVISORY COMMITTEE (DPACT)
SERVICES POLICY ADVISORY COMMITTEE (SPAC)
INVESTMENT POLICY ADVISORY COMMITTEE (INPAC)
INTERNATIONAL STEEL POLICY ADVISORY COMMITTEE (ISPAC)
COMMODITY POLICY ADVISORY COMMITTEE (CPAC)
INDUSTRY SECTOR ADVISORY COMMITTEES (ISAC'S)
1. Aerospace Equipment
2. Capital Goods
3. Chemical & Allied Products
4. Consumer Goods
5. Electronics & Instrumentation
6. Energy
7. Ferrous Ores & Metals
8. Footwear, Leather & Leather Products
9. Industrial Construction Materials & Supplies
10. Lumber & Wood Products
11. Non-ferrous Ores & Metals
12. Paper & Paper Products
13. Services
14. Small & Minority Business
15. Textiles & Apparels
16. Transportation Construction & Agricultural Equipment
17. Wholesaling & Retailing
AGRICULTURAL TECHNICAL ADVISORY COMMITTEE (ATAC'S)
1. Cotton
2. Dairy
3. Fruits & Vegetables
4. Grain & Feed
5. Livestock & Livestock Products
6. Oilseed & Oilseed Products
7. Poultry & Eggs
8. Tobacco
9. Sweeteners & Tropical Products
LABOR SECTOR SUBCOMMITTEES
1. Transportation Equipment
2. Lumber, Wood, Paper, Stone, Clay & Glass Products
3. Electronic Equipment Supplies & Non-Electric Machinery
4. Services
5. Food, Agriculture Products, Chemical, Plastic & Rubber Products
6. Textile Apparel, Leather Products & Misc. Mnfr. Industries
LABOR FUNCTIONAL SUBCOMMITTEES
1. Government Procurement
2. Standards
3. Unfair Trade Practices
LABOR STEERING SUBCOMMITTEE
INDUSTRY FUNCTIONAL ADVISORY COMMITTEES
1. Customs
2. Standards
INDUSTRY SECTOR ADVISORY (ISACS) CHAIRMEN COMMITTEE

A. Background

The Trade Act of 1974 provided for the establishment of a system of private sector advisory committees to ensure that a formal mechanism existed to maintain a continuous dialogue between government and the private sector, regarding trade agreements.

The cumulative efforts of the advisory committees provided a significant contribution to both the passage of the Trade Agreements Act of 1979, which implemented the agreements of the Tokyo Round of the Multilateral Trade Negotiations (MTN), and to the reorganization of trade policy functions within the Executive Office of the President and other federal agencies. Recognizing the overwhelming success of the private sector advisory committee process, Congress provided for the continuation of the program in the Trade Agreements Act of 1979. The responsibilities of the committees have now been expanded beyond providing negotiating advice on trade agreements to the priorities and direction of U.S. trade policy.

B. Structural and Organization

The advisory committee system is managed by the Office of the U.S. Trade Representative in cooperation with the Departments of Commerce, Agriculture, Labor, and Defense. The committees fall into three categories.

At the top level of the system is the Advisory Committee for Trade Negotiations (ACTN). This is a Presidentially-appointed committee of 45 members representing various element of the U.S. economy, with international trade interests. While the U.S. Trade Representative convenes the meetings of the ACTN, the meetings are chaired by a private sector member who is elected by the Committee. The mandate of the ACTN is to provide overall policy guidance on U.S. trade issues.

The second level of committees in the structure is composed of policy advisory committees in the specific areas of Industry, Agriculture, Labor, Defense, Services, investments, Steel and Commodities. Their responsibility is to advise the government on how trade issues affect the economies in their respective sectors.

Finally, there are technical and sectorial advisory committees which are composed of experts from their respective fields. The ATACs (Agricultural Technical Advisory Committees), ISACs (Industry Sector Advisory Committees), and LACs (Labor Advisory Committees) provide specific and technical information on problems within the private sector (in areas such as automobiles, steel, wheat, aircraft, or poultry) which are being affected by trade policy. New sectorial committees whose interests were not represented during the MTN have been formed in the areas of energy, small and minority business, and services. In addition, functional committees have been established to monitor two of the Codes of Conduct which were negotiated during the Tokyo Round – Customs Valuation and Standards.

The members of the policy advisory committees and the technical and sectorial advisory committes are appointed jointly by the U.S. Trade Representative and the Secretary of the relevant government agency. The organizational chart on the opposite page provides a list of the various committees.

C. Scope and Objectives

The primary objectives of the post-MTN private sector advisory system are the following: (1) to consult with the U.S. Government on implementation of the Multilateral Trade Negotiations agreements and to assist in monitoring compliance with the agreements; and (2) to provide advice to the President, the Congress, the U.S. Trade Representative, and the relevant U.S. agencies on the development of U.S. trade policy.

The private sector advisory process will continue to have significant impact on the development and enforcement of U.S. trade policy. In addition to monitoring the implementation of the MTN agreements, the advisory committees will be called upon to provide advice on emerging trade policy issues including export promotion and export disincentives, as well as specific sector products, services, and investments.

The ultimate policy direction of the Private Sector Advisory Committee System will continue to be the product of an ongoing dialogue between the Congress, the Executive agencies and the private sector. The advisory committees may be called upon to submit their recommendations, as they did in the implementation of the MTN agreements, to the President and the Congress, as well as to the

United States Trade Representative and other concerned federal agencies. As in the past, advice from the private sector will play an instrumental role in the development and monitoring of U.S. trade policy. The continuation of an open dialogue between the public and private sectors of our nation is seen by all those who are involved as a necessary step toward a progressive, positive, and imaginative commercial policy for America.

For further information contact the Director, Private Sector Liaison Division, Office of the U.S. Trade Representative, Washington, D.C. 20506. Phone (202) 395-6120.

V. THE MULTILATERAL TRADE NEGOTIATIONS — TOKYO ROUND

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A. Overview

The Tokyo Round of the Multilateral Trade Negotiations (MTN), the seventh held under the provisions of General Agreement on Tariffs and Trade (GATT), grew out of the efforts by a number of countries shortly after the end of the Kennedy Round of Trade Negotiations in 1967. Those negotiations, though successful in substantially reducing tariffs on industrial products by developed countries, did not deal with the growing practice of countries to adopt nontariff measures to restrict or distort trade. Moreover, many such nontariff measures were well established in law and practice, and their restrictive effects had become more obvious as tariff rates were lowered. These nontariff government practices were erecting new barriers to trade, and the primary objectives of the GATT were rapidly being circumvented.

In the past, the growth of U.S. exports had been impaired by increased foreign government intervention in their markets. Such action is designed to promote the development of foreign national industries regardless of the relative cost advantages of U.S. products. Foreign practices included the use of government purchasing policies that did not permit bid competition by U.S. producers, subsidization of domestic producers for supply to home or overseas markets in competition with U.S. producers, and establishment of standards for products which go beyond those necessary for the health and safety of the public. Thus, the United States placed priority on obtaining agreements to liberalize conditions of access or to improve the rules for trade in a number of areas of nontariff barriers or measures, including government purchasing policies, subsidies, and standards-marking policies. It was recognized that while the United States might have to modify some of its practices as a result of new MTN agreements in these areas, U.S. exporters would benefit significantly from such agreements.

The Tokyo Round of the MTN was formally authorized in terms of the United States participation by the Trade Act of 1974. At the time the Trade Act of 1974 was submitted to the Congress in 1973, the President had been without trade agreement authority since July of 1967. This was the longest lapse of such authority to enter into trade agreements and to reduce tariffs since the original Reciprocal Trade Agreements Act was passed in 1934.

As perceived internationally and in the United States, the biggest challenge to further expand international trade was the elimination or reduction of nontariff barriers. However, this was not a challenge for the United States alone. Many nontariff barriers to trade involved both long standing statutory provisions and administrative practices in other countries, modification of which would require special commitments in areas of domestic law not previously considered in trade negotiations.

The Trade Act of 1974, therefore, was structured to provide the President with a clear mandate to negotiate trade agreements providing for the harmonization, reduction, or elimination of nontariff barriers and other distortions of international trade or providing for the prohibition of, or limitation on, the imposition of such barriers. The President also was authorized to enter into such agreements with the close consultation of the Congress.

Chronology of Negotiations and Implementation

There were two types of negotiations carried out in the Tokyo Round of the MTN, depending on the nature of the issue. Tariffs and those nontariffs measures (NTMs) which are specific to an individual country (e.g., the U.S. "American Selling Price" or the Japanese quota system for citrus) were negotiated on a bilateral basis (i.e., between the country applying the tariff or NTM and a country seeking removal or liberalization of the trade barrier). Tariff negotiations on industrial products were further influenced by adoption of a tariff negotiating formula. There were, however, frequent deviations from, or exceptions to, the tariff formula.

Nontariff measures which have a common usage among most or all MTN participants were negotiated on a multilateral basis through the adoption of codes of behavior. Commonly encountered NTMs which were negotiated in the Tokyo Round include, for example, "buy national" government purchasing policies, subsidies and countervailing duties, and systems for valuing imported goods for the purpose of levying ad valorem customs duties.

The Tokyo Round began formally in 1973 with substantive negotiations starting in January 1975. In the early stage of negotiations, work was concentrated on nontariff measures being considered multilaterally in the context of certain codes. Intensive bilateral bargaining on tariff and agricultural concessions did not start until January 1978. Throughout 1978 and early 1979, hundreds of bilateral negotiating sessions were held in Geneva, and numerous consultations took place in capitals of the countries involved.

On April 12, 1979, the Tokyo Round was concluded in substance, with the acceptance by the heads of key delegations, of the documents embodying the results of the negotiations. During the following months, delegations sought definitive approval by their governments, while discussions continued on relatively minor, unresolved issues and on technical corrections of the documents. The United States also continued bilateral negotiations with a number of developing countries.

On December 17, 1979, the United States and other key countries signed or accepted the agreements on subsidies, antidumping, licensing, product standards, meat, dairy, government procurement, customs valuation, and civil aircraft. U.S. signature of the procurement and customs valuation codes was conditional. Other countries also attached conditions or reservations to some of their acceptances. All codes became effective January 1, 1980, except for government procurement and customs valuation which became effective January 1, 1981. The United States and the European Community implemented the valuation code on July 1, 1980.

Negotiations are continuing on the Commercial Counterfeit Code which is designed to deter international trade in counterfeited trade-marked merchandise. Discussions are also continuing on the issue of safeguards to impose restrictions on imports in an effort to protect domestic industries.

With regard to tariffs, the Tokyo Round of the MTN significantly reduced tariffs on industrial and nonindustrial products of both developed and developing countries. The developed countries reduced their tariffs about one-half of current rates at that time. In the three largest U.S. export markets, the European Community, Canada, and Japan, the combined reduction averaged over 40 percent.

B. Subsidies and Countervailing Duties Code

Introduction

In the Tokyo Round of the MTN, the United States sought greater discipline over the use of foreign subsidies that confer unfair competitive advantage upon the products of the subsidizing country. With regard to discipline over foreign subsidies, the United States' principal objectives were a prohibition on the use of export subsidies on industrial products, increased precision in the rules on export subsidies for agricultural products, and international understanding of the use of domestic subsidies.

In general terms, a subsidy is a bounty or grant (usually provided by a government) that confers a financial benefit on the production, manufacture, or distribution of goods or services. All governments, including the U.S. Government, maintain subsidy programs of one form or another. Some forms that subsidies may take are direct cash grants, credits against taxes, concessionary loans, and infrastructure services. The nature of any given subsidy is typically related in some way to the purpose it is intended to accomplish.

Government intervention in the market place through the granting of subsidies to firms that produce or sell internationally traded products often serves to distort the competitive forces at work in international trade. Under certain circumstances the subsidy-induced distortion may be so severe as to cause real economic harm to competing industries in other countries.

Recognizing that subsidies can have such effects, whether intended or not, the United States and other trading countries developed rules for the use of subsidies in the General Agreement on Tariffs and Trade. The GATT also contains provisions regulating the use of countervailing duties that are special customs duties imposed at the border by importing countries, in an effort to offset the economic effect of a subsidy and thus prevent injury to domestic industries that might otherwise result from subsidized imports. In the Tokyo Round of the MTN, delegations from the United States and other countries agreed to significant changes and improvements in the GATT rules on subsidies and countervailing duties. As of May 10, 1982, 20 countries and the European Economic Community, on behalf of its ten member states, had signed the Code.

Main Features of the Code

A major aim of the Code is to control the impact of subsidies on trade flows in international commerce. The Code also provides new international rules on the use of countervailing duties and other countermeasures to offset the harmful effects of subsidies. The Code's rules on the use of subsidies differentiate between "domestic subsidies" and "export subsidies" (those granted in a way that is related to export activity intended to foster the achievement of purely domestic goals). A distinction also is drawn between subsidies paid on primary products and those paid on nonprimary or industrial products and primary minerals. For the purposes of the Subsidies Code, a primary product is any product of farm, forest, or fishery in its natural form or which has undergone such processing as is customarily required to prepare it for marketing in substantial volume in international trade.

Aside from certain specified exemptions of a limited duration for developing nations, the Code flatly prohibits the use of export subsidies on nonprimary products, as well as primary mineral products. Export subsidies may be used for primary products, but only if the subsidy does not result in the displacement of the exports of another country that adheres to the Code. Furthermore, the Code prohibits the granting of export subsidies on exports of primary products to a particular market in a manner that results in prices materially lower than those of other suppliers to the same market. As an aid to interpreting the provisions on export subsidies, the Code incorporates an illustrative list of export subsidies.

The Code does not prohibit the granting of any form of domestic subsidy. However, it does attempt to regulate the use of domestic subsidies to prevent a situation in which their payment adversely affects the trading interests of other countries. To this end, the Code requires signatories to structure their domestic subsidy programs to avoid injuring the industries of other countries, nullifying or impairing the benefits of the subsidizing country's tariff concessions through import substitution effects, or prejudicing the interests of other suppliers to a third-country market where products receiving a subsidy might compete with unsubsidized products from another source. A key aspect of the Code's domestic subsidy provisions is the explicit recognition that where domestic subsidies have undesirable effects on international trade, the affected country is free to pursue an appropriate course of action.

To enforce countries' rights under the new provisions and prevent injury to industries from subsidized imports, the Code provides for two avenues (or tracks) of redress for parties who claim they are being injured by foreign subsidy practices, or claim that their international trading interests are being prejudiced by the payment of foreign subsidies in a manner inconsistent with the Code.

The first track is domestic action intended to prevent injury to national industries through the traditional means of countervailing duties, or, alternatively, through the negotiation of agreements that reduce or eliminate the subsidy of exports in question, or eliminate the injurious effect of subsidized products. Before either of the above actions can be taken, the Code requires a ruling that subsidized imports are causing material injury to a domestic industry facing competition from subsidized imports.

The second track provides a multilateral mechanism through which signatories can enforce their rights under the Code. To make use of this method, any country that has signed the Code can notify the Committee of Signatories that it believes another country has provided a subsidy that is inconsistent with the Code. Following this notification, the country alleged to be providing the subsidy and the affected country enter a consultation period. If no solution to the problem can be found through consultations, the matter can be referred to the Committee for conciliation. Where conciliation fails, a panel of experts may be appointed to investigate the matter. The panel prepares a report for consideration by the Committee, and if the Committee believes a subsidy inconsistent with the Code has been granted, it will recommend that the subsidy be eliminated. If the subsidy is not eliminated, the Code empowers the Committee to authorize retaliatory counter-measures against the subsidizing country to pressure the country into compliance. The dispute settlement mechanism outlined above should be of special importance in cases of subsidies resulting in import substitution and subsidization in third-country markets where traditional countervailing duties would not be an effective countermeasure.

U.S. Implementation of the Code

U.S. acceptance of the Subsidies Code was approved by the Congress on July 26, 1979, with the enactment of the Trade Agreements Act of 1979.

Under the new Trade Agreements Act, countervailing duties are to be imposed on all subsidized imports originating in countries that apply the Subsidies Code to the United States, only where the subsidized imports are found to cause or threaten to cause material injury to a domestic industry in the United States. Imports of subsidized dutiable products originating in countries that have not signed the Subsidies Code generally will not benefit from this test of material injury. Duty-free imports will benefit from a material injury test consistent with international obligations of the United States.

Title IX of the Trade Agreements Act serves to implement the Subsidies Code's second track in U.S. law by making substantial amendments to Section 301 of the Trade Act of 1974. Under this provision of the law, an interest party in the United States can petition the President of the United States (through the Office of the U.S. Trade Representative) to enforce U.S. rights under the Subsidies Code. If the U.S. Trade Representative accepts the petitioner's allegation that a foreign subsidy is being granted inconsistently with the Code's provisions, the United States will use the consultation and dispute settlement mechanism of the Code to resolve the matter. If a satisfactory resolution does not result from international initiatives undertaken by the United States, the Trade Representative will submit a report to the President recommending actions to be taken. The President, within 21 days following receipt of the recommendations, must determine what action, if any, is to be taken against the trade of a country found in violation of the Code.

The Trade Agreements Act of 1979 also provides for many other changes in U.S. trade law as it relates to subsidies, countervailing duties, and other countermeasures. Strict time periods that dramatically shorten the process for obtaining relief from the effects of subsidies have come into force. In addition, the Act provides for imposition of provisional measures (e.g., posting of bonds or other security to cover eventual countervailing duties) at the time a preliminary determination is reached by authorities in the U.S. Department of Commerce, that there is reason to believe a subsidy is being granted on products imported into the United States. Other key features of the law include provisions for judicial review of administrative decisions made in countervailing duty cases, and provisions that allow for the acceptance of bilateral agreements guaranteed to eliminate the possibility of injury to a U.S. industry in lieu of countervailing duties.

C. Government Procurement Code

Introduction

The purpose of the Government Procurement Code is to provide for national treatment and nondiscrimination in purchases by government entities. The Code became effective on January 1, 1981.

Governments are among the world's largest purchasers of goods and services. Most domestic markets have been closed to foreign producers by means of formal and informal administrative systems of national discrimination in favor of domestic producers. In the United States, preferences for domestic suppliers are clearly set out by law. However, many countries achieve their discrimination by highly invisible administrative practices and procedures.

To extend the benefits of international trade to government purchases, the United States joined with its major trading partners to draft international rules for government purchasing practices. This effort was started in the 1960's in the Organization for Economic Cooperation and Development (OECD) and was completed in the Tokyo Round of the MTN. The resulting Agreement on Government Procurement provides access for U.S. suppliers to foreign procurement markets exceeding $25 billion.

Main Features of the Code

The primary obligation of the Agreement on Government Procurement is that signatories to the Agreement will not discriminate against or among the products of other signatories in purchases covered by (i.e., subject to) the

Agreement. The Agreement's coverage extends to purchases of goods by specified government entities (e.g., ministries and departments) listed in the Agreement, on contracts valued at 150,000 Special Drawing Rights (SDRs), approximately $196,000. This list includes almost all the central government entities of the major developed countries. The Agreement does not apply to such purchases as service contracts (except those incidental to the purchase of goods), construction contracts, national security items, or those by state and local governments (with or without federal funds), or by an entity that has not been specified as being covered. Also, the United States has specifically provided that purchases under its small and minority business set-aside programs will not be subject to the Agreement's provisions.

To eliminate discrimination against foreign products at all stages of the procurement process, the Agreement includes detailed requirements as to how government purchasing is to be conducted. Signatories must openly publish invitations to bid on all contracts, supply all documentation and selection criteria to both domestic and foreign firms, and generally provide full information and explanation at every stage of the procurement process. Signatories are permitted to purchase, using one of two procedures – open tendering or selective tendering. Under open tendering any interested firm may bid. Under selective tendering, suppliers on a list of qualified bidders are invited to bid. In this latter instance, all qualified bidders from signatories must be included on bidders lists upon request, and selections from the bidders lists must provide full opportunity for foreign bidders to compete.

To ensure compliance with the Agreement, there are enforcement provisions to deal with both individual contract violations and larger, more systematic violations. On an individual contract basis, a firm will have the right to be told why its bid lost and why the winner was selected. If the firm is not satisfied with the explanation it receives, it must be provided with an opportunity to appeal the procurement action. In those cases where it is believed that a country has violated its overall obligations under the Agreement, there are strong dispute settlement procedures that can be initiated. If bilateral consultations fail to resolve a dispute, a signatory will be able to take a case before a Committee of Signatories, have the case heard by an international panal of experts and, if upheld, expect the Committee to authorize sanctions if the offending country does not mend its ways.

The Agreement also provides for an exchange of data on purchases covered by the Agreement so that signatories can assess whether the results of the Agreement have been equitable. There will be regular meetings of the signatories to discuss the operation of the Agreement, and by 1984, the signatories will commence negotiations to expand Agreement coverage to purchases that are not covered currently, including service contracts.

U.S. implementation of the Government Procurement Agreement is provided for in the Trade Agreements Act of 1979. Under the Act the President is empowered to waive any law or regulation relating to government procurement, such as the Buy American Act, which discriminates against products of specifically designated countries in any purchase subject to the Agreement.

The Act also provides extensive reporting and monitoring requirements and encourages efforts made toward expanding the Agreement's coverage to service contracts and purchases by entities in key product sectors that are not covered currently. Sectors that will receive priority attention including telecommunications equipment, power-generating equipment, and transportation equipment.

D. Antidumping Code

Introduction

The International Antidumping Code, first developed in the 1960's during the Kennedy Round, embodies a set of rules aimed at ensuring that antidumping practices do not constitute an unjustifiable impediment to international trade. The Code provides relief from injurious dumped imports (that is, when export prices are lower than those in the home market) and ensures fair and equitable treatment of all parties concerned with antidumping proceedings. The Trade Agreements Act of 1979 modified the existing antidumping laws in a number of important respects and should improve administration of the law.

Main Features of the Code

In general, antidumping duties may be imposed on imported goods when they are sold for less than the price at which such or similar goods are sold in the market of the exporting country and an industry in the importing country producing a like material is materially injured or threatened with material injury, or the establishment of such an industry is materially retarded by reason of imports of that merchandise.

The Code also contains provisions to govern the measurement of the dumping margins, factors to be taken into account in determining injury, conduct of investigations, treatment of evidence, acceptance of price undertakings to terminate the investigation, imposition, and duration of dumping duties and provisional measures, and retroactive appreciation of dumping duties.

U.S. Implementation of the Code

The U.S. Antidumping Act, first enacted in 1921, is intended to prevent unfair foreign competition created by price discrimination or by below-cost pricing. The law is also intended to ensure conformity of domestic legislation with the revised Antidumping Code negotiated in the MTN. The law provides for yearly administrative review of Antidumping Duty Orders and allows greater public participation in, and access to, information developed in the course of antidumping proceedings. In addition, the administration of the antidumping law was transferred from the Department of the Treasury to the Department of Commerce, as of January 1980.

E. Customs Valuation Code

Introduction

The Customs Valuation Code is an agreement on how to value imported goods for the purpose of levying ad valorem duties. The purpose of the agreement is to establish a uniform, fair, and predictable international system for the valuation of goods for customs purposes, and to preclude the use of valuation systems as nontariff barriers to trade. The Code became effective internally on January 1, 1981. However, the United States and the European Community began applying the provisions of the Code on July 1, 1980.

Customs valuation can constitute an important form of trade restriction. Dutiable values have in some cases been substantially inflated through the use of arbitrary valuation methods resulting in higher duty payments. Uncertainty over the value to be used for assessment of customs duties also can have a serious effect on trade. Important not only for the assessment of customs duties, the customs value also is used as a basis for taxes and other charges levied at the border, and for the administration of licenses and import quotas when these are based on the value of the goods.

Negotiation of the new valuation agreement originated as a result of European dissatisfaction with the complex U.S. system of valuation which involved nine possible methods of valuation, including the American Selling Price (ASP) system applied primarily to benzenoid chemicals and rubber-soled footwear. There was also U.S. dissatisfaction with the valuation systems applied by most other countries. Some foreign countries frequently "uplifted" the appraised value of U.S. goods or used other arbitrary valuation methods to increase duties. These customs valuation practices were used to impede trade.

The new system established by the code is designed to ensure that goods are neither undervalued nor overvalued for the purpose of assessing ad valorem duties. It should result in a uniform international standard that will allow exporters and importers to accurately predict the valuation of their goods and import duties. Implementation of the code will eliminate "uplift" practices in a number of foreign countries; the United States, for its part, is committed to simplifying its valuation system, including eliminating the ASP system. The protection afforded by ASP will be replaced by equivalent tariff protection under the Trade Agreements Act of 1979.

Main Features of the Code

The code establishes a primary method of valuation and five secondary methods, which are to be employed in order, if valuation under the primary method is not possible. The primary method of valuation is the transaction value, or the price actually paid or payable for the goods.

The code allows certain charges and expenses incurred with respect to the imported goods to be added to the transaction value, when they are not already included.

If it is not possible to value goods by the primary method (e.g., in the case of a transaction between related companies in which a transfer price is used), then the agreement specifies that the second valuation method should be used. Under the second method the value is found by using the transaction value of identical goods for exports to the same country of importation at or about the same time as the sale of the imported goods.

If a value cannot be found by using the primary or secondary method of valuation, then the value is to be found by using the transaction value of similar goods under the same conditions specified for identical goods.

If a value cannot be found using the first three methods, then the importer may choose between methods four and five.

The fourth method, known as deductive value, bases customs value on the price at which the goods or identical or similar goods are resold in the country of importation at about the same time to unrelated buyers, less an amount for profit, general expenses, and other costs associated with the resale of the goods.

The fifth method bases customs value on a computed value which consists of material and manufacturing costs, profit, and general expenses. This method, similar to the constructed value method in current U.S. customs valuation statutes, relies heavily on the cooperation of the producer of the imported goods in supplying the information necessary to compute a value.

If the customs value of imported goods cannot be determined under any of the five previously described mthods, the value is to be determined by using any reasonable means consistent with the principles and general provisions of the code and Article VII of the GATT. The agreement sets forth a list of ~~methods which cannot be used in this context,~~ while an interpretative note provides guidance as to how a customs value should be determined in these instances.

Each party to the Agreement may apply the Agreement on either an f.o.b. (free on board) or c.i.f. (cost, insurance, and freight) basis. The United States is continuing to use the f.o.b. basis, and it appears that other countries intend to continue existing practices.

The provisions of the Customs Valuation Code are implemented in the United States under the Trade Agreements Act of 1979.

F. Standards Code

Introduction

The purpose of the Standards Code is to discourage and eliminate discriminatory manipulations of product standards, testing, and certification activities without restricting the ability of countries to reasonably protect the health, safety, security, environment, or consumer interests of their citizens, Product standards ranging from permissible auto exhaust emission levels to wine-labelling requirements can be manipulated to discriminate against imports. In some cases, more stringent standards are applied to imports than are applied to domestic products. Realizing that the GATT had no provisions dealing with the discriminatory trade effects of product standards and certification systems, a number of countries began in the early 1970's to develop an international code of conduct regarding standardization and certification. This effort during the Tokyo Round of the MTN resulted in the standards code, which became effective January 1, 1980.

Main Features of the Standards Code

Product standards (both voluntary and mandatory) and certification systems promulgated by central governments, state and local governments, and private sector organizations are subject to the code's provisions, although only central governments are strictly bound by the code. Standards prepared by a government body or private company for its own production or consumption are not subject to the code's provisions, but may be subject to the NTM Agreement on Government Procurement. The ~~code's provisions apply only~~ to new and revised standards and certification systems. However, if a signatory believes that an existing measure conflicts with the code's obligations, it may raise the matter in the Committee on Technical Barriers to Trade (established in the Code) and use the code's dispute settlement mechanism to seek a mutually satisfactory solution.

The Code contains the following key provisions:

1. Standards and certification systems are not to be prepared, adopted, or applied so as to create obstacles to international trade, nor have the effect of creating unnecessary obstacles.

2. National and regional certification systems are to grant access (i.e., permit goods to be certified under the rules of the system) to foreign or nonmember suppliers on the same basis as access is granted to domestic or member suppliers. In addition, certification systems are to be nondiscriminatory and applied on a most-favored-nation basis. Signatories also are encouraged to accept, whenever possible, test results, certificates, or marks of conformity issued in the country of export, when they are satisifed that such testing and certification is performed by a technically competent body using appropriate methods.

3. Whenever a new or revised domestic standard or technical regulation is being drafted, or a new certification system is to be introduced, open procedures must be followed unless international standards are used.

4. Standards are to be specified, whenever possible, in terms of performance rather than design or descriptive characteristics.

5. Signatories are encouraged to use relevant existing international standards.

6. Information on standards and certification systems is to be published and made readily available to the public.

U.S. Implementation of the Code

In addition to provisions to fulfill specific U.S. international obligations under the code, the implementing legislation (Title IV of the Trade Agreements Act of 1979) provides for the following: (1) coordination by the United States Trade Representative of international trade policy issues arising from domestic implementation of the code; (2) establishment and operation of technical offices in the Departments of Commerce and Agriculture to manage code implementation with regard to nonagricultural and agricultural products, respectively; (3) assurance by the Secretary of Commerce, under certain circumstances, of adequate representation of U.S. interests in private international standards organizations; (4) maintenance within the Department of Commerce of a stan-dards information center to serve as a collection and dissemination facility for information on standards-related activities; (5) authorization for the U.S. Trade Representative and the Secretaries of Commerce and Agriculture to make grants or contracts to facilitate domestic implementation of the code; (6) consultations by the U.S. Trade Representative and the Secretaries of Commerce and Agriculture with representatives of domestic interests; and (7) administrative and judicial procedures regarding standards-related activities.

G. Licensing Code

Introduction

The basic objective of the Licensing Code is to reduce unnecessary administrative impediments to trade by simplifying the procedures that importers must following to obtain import licenses. The code became effective on January 1, 1980.

Main Features of the Standards Code

The licensing code deals with the administration of import licensing systems, rather than with the existence or extent of import restrictions. Its purpose is to simplify and harmonize, to the greatest extent possible, the procedures which importers must follow in obtaining an import license, so that these procedures do not themselves constitute an unnecessary obstacle to international trade.

The code is designed to prevent trade distortions that may arise from the administration of licensing procedures. To this end, it requires procedures for applying for import licenses, as well as simplification of procedures for obtaining a license. In most instances, importers should have to approach only one administrative body in order to apply for a license. A "reasonable" time period is to be allowed for application for a license; no application is to be refused for nonmaterial documentation errors; and licenses are not to be refused for minor variations in value, quantity, or weight of the product under license.

Automatic import licensing systems (defined as import licensing where approval of the license application is granted freely) are to be maintained only as long as the circumstances which gave rise to their introduction prevail, or as long as their underlying administrative purposes cannot be achieved in a more appropriate way. Licenses required under this kind of system are to be made available automatically or within no more than ten days to anyone fulfilling prescribed criteria.

With respect to nonautomatic import licensing systems (those under which licenses are not granted automatically, including licenses required for the administration of quotas and other import restrictions), governments are to provide information concerning the number and value of licenses granted; publish information on the administration of quotas; and permit any person, firm, or institution to apply for a license. The period for processing a license is to be as short as possible, and the duration of a license should not be so short as to preclude importation from taking place. In allocating licenses, governments are to take into account whether licenses issued to the applicant have been fully utilized. In addition, governments shall not prevent importation from being effected in accordance with the issued licenses. Consideration is to be given to ensuring a reasonable distribution of licenses to new importers. When licenses required to administer quotas are not specifically allocated to supplying countries, license holders shall be free to choose the source of imports.

U.S. Implementation of the Code

No specific implementing legislation was necessary in the United States, since U.S. practices already conform with the requirements of the Code. Complaints by parties within the United States that other signatories have violated their obligations under the Agreement will be resolved using the procedures specified in section 301 of the Trade Act of 1974 as amended by section 901 of the Trade Agreements Act of 1979. This is the same process that will be used for resolution of domestic complaints concerning foreign country violations of other MTN obligations.

H. Civil Aircraft Agreement

Introduction

The United States objective in negotiating an agreement on civil aircraft was to create a free and fair market for trade in civil aircraft. The Agreement on Trade in Civil Aircraft provides for elimination of tariffs and also provides a discipline over other actions by governments that might distort or restrict aircraft trade. Tariff and nontariff issues are linked in a single package in order to address problems peculiar to the aerospace industry. The special focus and broad scope of this agreement differentiate it from most of the other agreements negotiated in the Tokyo Round.

Among the policy objectives set forth are the encouragement of the continued worldwide development of the aeronautical industry, the provision of fair and equal competitive opportunities for all producers, the operation of civil aircraft activities on a commercial, competitive basis, and the elimination of adverse trade effects resulting from governmental support of civil aircraft development, production, and marketing.

The Agreement resulted in the elimination, effective January 1, 1980, of all customs duties and similar charges of any kind levied on the import of civil aircraft and engines and on ground flight simulators for civil aircraft, imposed by signatory countries. Parts, components, or subassemblies of civil aircraft are also duty-free if they are for use in civil aircraft and are classified for customs purposes under one of the specific tariff headings listed in the Annex to the Agreement. In addition, duties on foreign repairs of civil aircraft have been eliminated. These tariff concessions are bound in the GATT.

Provisions

The Civil Aircraft Agreement provides an international framework to govern the conduct of trade in civil aircraft.

Key provisions of the Agreement follow:

1. forbid governments from requiring or unreasonably pressuring airlines, aircraft manufacturers, or other entities to procure from any particular sources;
2. prohibit mandatory subcontract, coproduction, or technology transfer requirements in conjunction with civil aircraft procurement contracts;
3. prohibit the provision of or denial of benefits to influence procurement from a particular source (for example, signatories

may no longer grant or deny landing rights in order to influence purchasing decisions);

4. provide that pricing or civil aircraft should be based on a reasonable recoupment of all costs;
5. extend the disciplines of the standards code to specifications on operating and maintenance procedures; and
6. commit governments to leave purchasers of civil aircraft, aircraft engines, and other aircraft parts free to make decisions based on commercial and technological considerations.

The Agreement establishes a Committee on Trade in Civil Aircraft composed of a representative from each signatory. The committee is to meet once a year, or as often as necessary, to consult on any matter relating to the operation of the Agreement and to ensure the continuance of free and undistorted trade. The Committee also will establish subsidiary bodies to keep under regular review such matters as the implementation of provisions related to product coverage, end-use systems, customs duties, and other charges. If a signatory is not carrying out its obligations, the affected country may request a review of the matter by the Aircraft Committee. The Committee may issue rulings or recommendations on the matter under review.

If a signatory country wins a dispute settlement case, it will be internationally authorized to take retaliatory action against the offending country, such as raising tariffs on a volume of trade equivalent to the damage it has suffered. However, in practice, dispute settlement procedures rarely go this far. The party that has committed the infraction usually makes an accommodation before retaliation can take place.

U.S. Implementation of the Agreement

The provisions of the Aircraft Agreement are implemented in U.S. statute by the Trade Agreements Act of 1979. Since U.S. law and administrative practice are generally designed to encourage free trade in civil aircraft, implementation of the Aircraft Agreement require only modest changes in laws and regulations. Legislation was needed only to eliminate tariffs and duties on repairs of aircraft products covered by the Agreement and to allow the President to waive the Buy American Act as it relates to Federal Government procurement of civil aircraft and parts covered by the Agreement.

I. Framework on Conduct of International Agreements

The "framework" package consists of five agreements to reform several aspects of the GATT system. These accords were the first of the Tokyo Round agreements to become effective on November 29, 1979, following their approval at the 35th Session of the GATT Contracting Parties in Geneva.

The first agreement deals with the role of the developing countries in the international trading system. The "enabling clause," as it is often called, provides a legal basis for deviation from the most-favored-nation principle of the GATT for special treatment to aid developing countries (e.g., General System of Preference (GSP) schemes). It has also been agreed that in future negotiations developed countries will not seek concessions from developing countries which are inconsistent with the less developed countries' (LDCs') development or financial and trade needs. In addition, the agreement recognizes that as individual developing countries progress economically, they will "graduate" from developing country status and be obliged to participate more fully in the rights and obligations of the trading system. Further, their special benefits will be phased out.

Agreement has also been reached on a declaration concerning trade measures taken to correct balance of payment deficits. One of the main features of the agreement is recognition that import measures other than quantitative restrictions, such as surcharges, have been used for balance-of-payments reasons. In the future, all such measures will be subject to GATT review, and GATT members are expected to give preference to measures which have the least disruptive effect on trade. Other features include procedural improvements for consultations on balance-of-payment measures.

The framework package also contains an agreement concerning safeguard actions for development purposes (i.e., infant industry measures). In response to requests by developing countries, Tokyo Round participants negotiated provisions to facilitate use of GATT rules which allow LDCs to restrict imports in order to encourage industrial development. The agreement broadens the definition of infant industry measures to include the development of new or the modification or extension of existing production structures. It also permits developing countries to take such measures on an immediate, but provisional, basis in emergency situations following notification of the action to the GATT. Developing countries, however, must still compensate affected countries for any GATT concessions which are impaired when they invoke such measures.

Perhaps the most significant agreement in the framework package for the United States is the Understanding Regarding Notification, Consultation, Dispute, Settlement, and Surveillance. This agreement contains several important features which should improve our ability to manage trade disputes within the GATT. The agreement reaffirms and strengthens the obligations of GATT members to notify the GATT of trade measures which they adopt. The agreement also codifies the traditional GATT practice of according parties the right to a review of a dispute by an impartial panel. Other procedural provisions to prevent abuse of the process are included.

Finally, the framework package includes agreement to reassess GATT rules on export controls following the Tokyo Round. Given the extreme resistance of the developing countries and some developed countries to address this issue, the United States was not able to conclude as ambitious an agreement as was sought, although the door has been left open for further talks. Importantly, the dispute-settlement understanding strengthens our ability to pursue export control problems under current GATT provisions.

Adherence to the Framework Agreements by the United States requires no changes in existing U.S. statutes. However, the Trade Agreements Act of 1979 does contain domestic procedures for the handling of problems concerning foreign country violations of international obligations. Complaints by parties within the United States that other countries have violated their obligations under the GATT or the MTN agreements may be brought to the attention of the U.S. Government under section 301 of the Trade Act of 1974 as amended by section 901 of the Trade Agreements Act of 1979. Resolution of a complaint may include raising the matter internationally under the procedures of the dispute settlement agreement and GATT Article XXIII.

J. Meat and Dairy Agreements

The agreements on tariff and nontariff concessions and all the multilateral agreements reached in the Tokyo Round apply to world trade in farm products as well as in industrial products.

Participating countries in the Tokyo Round also drew up multilateral agreements on Bovine Meat and on Dairy Products.

International Meat Arrangement

The Arrangement Regarding Bovine Meat has been in force since January 1, 1980. The objectives of the Arrangement are to promote the expansion, ever greater liberalization, and stability of the international meat and livestock market. The Arrangement provides for a comprehensive information and cooperation mechanism applicable to live bovine animals and the bovine meat sector.

There are 23 signatories of the Arrangement: Argentina, Australia, Austria, Belize, Brazil, Bulgaria, Canada, the European Economic Community, Finland, Hungary, Japan, New Zealand, Norway, Poland, Romania, South Africa, Sweden, Switzerland, Tunisia, the United States, Uruguay and Yugoslavia. Representatives of other countries as well as representatives of international governmental organizations follow its workings as observers.

An International Meat Council, established within the framework of the Arrangement, makes an evaluation of the world supply and demand situation and outlook for the world market for bovine meat and live animals on the basis of a status report prepared by the secretariat. This report is published in December of each year.

International Dairy Arrangement

The International Dairy Arrangement also entered into force on January 1,.1980. It has as its objective the expansion and ever greater liberalization of world trade in dairy products. The Arrangement provides for a comprehensive information and cooperation mechanism to be applied to the dairy sector as a whole. To this end, an International Dairy Products Council makes an evaluation of the current situation and outlook for the world market for dairy products on the basis of a status report prepared by the secretariat. The report is issued each year and updated as appropriate.

The Arrangement has three Protocols which fix minimum export prices for milk powder, milk fat (including butter), and certain cheeses. For the year beginning October 1, 1981, the minimum F.O.B. export prices are (in dollars per metric ton) nonfat dry milk, 600; whole milk powder, 950; butter milk powder, 600; butter, 1,200; butter fat, 1,440; and cheese, 1,000.

There are to date 18 participants to this Arrangement: Argentina, Australia, Austria, Bulgaria, Egypt, the European Economic Community (and its member States), Finland, Hungary, Japan, New Zealand, Norway, Romania, South Africa, Sweden, Switzerland, the United States, and Uruguay. Representatives of other countries follow its work with observer status.

K. Status of Tokyo Round MTN Agreement Signatures and Acceptances
(GATT and Non-GATT Members)
as of July 1, 1982
(Revised in Accordance with GATT Document: L/4914/Rev.5/Add.9)

GATT Member	*Tariff Protocol*	*Supple-ment*	*Standards*	*Procure-ment*	*Subsidies*	*Meat*	*Dairy*	*Customs Valuation*	*Customs Valuation Protocol*	*Licensing*	*Aircraft*	*Antidump-ing*
Argentina	Accepted		Signed Subject to Ratification			Accepted	Signed, Subject to Ratification	Signed, Subject to Ratification	Signed, Subject to Ratification	Signed, Subject to Ratification		
Australia		Accepted			Accepted	Accepted	Accepted			Accepted		
Austria	Accepted		Accepted	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted
Brazil		Accepted	Accepted		Accepted	Accepted		Accepted, with Reservation	Accepted, with Reservation			Accepted
Canada	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted		Accepted, with Reservation	Accepted	Accepted	Accepted	Accepted
Chile		Accepted	Accepted		Accepted					Accepted		
Czecho-slovakia	Accepted									Accepted		Accepted

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GATT Member	*Tariff Protocol*	*Supple-ment*	*Standards*	*Procure-ment*	*Subsidies*	*Meat*	*Dairy*	*Customs Valuation*	*Customs Valuation Protocol*	*Licensing*	*Aircraft*	*Antidump-ing*
Dominican Republic		Accepted										
Egypt		Accepted	Signed, Subject to Ratification		Signed, Subject to Ratification	Signed, Subject to Ratification	Signed, Subject to Ratification			Signed, Subject to Ratification	Signed, Subject to Ratification	Signed, Subject to Ratification
European Economic Communi-ties	Accepted	Accepted	Accepted	Accepted (for Member States)	Accepted (for Member States)	Accepted (for Member States)	Accepted (for Member States)	Accepted (for Member States)	Accepted (for Member States)	Accepted (for Member States)	Accepted	Accepted (for Member States)
Belgium	Accepted	Accepted	Accepted								Accepted	
Denmark	Accepted, Except with Respect to Faroe Islands		Accepted, Except with Respect to Faroe Islands								Accepted, Except with Respect to Faroe Islands	
France	Accepted		Accepted								Accepted	
Germany	Accepted		Accepted								Accepted	

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GATT Member	Tariff Protocol	Supplement	Standards	Procurement	Subsidies	Meat	Dairy	Customs Valuation	Customs Valuation Protocol	Licensing	Aircraft	Antidumping
Greece			Signed, Subject to Ratification								Signed, Subject to Ratification	
Ireland	Accepted		Accepted								Accepted	
Italy	Accepted		Accepted								Signed, Subject to Ratification	
Luxembourg	Accepted		Accepted								Accepted	
Netherlands	Accepted, Except with Respect to Neth. Antilles		Accepted								Accepted	
United Kingdom	Accepted		Accepted			Accepted with Respect to Belize					Accepted	
Finland	Accepted		Accepted	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted		Accepted

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GATT Member	Tariff Protocol	Supple-ment	Standards	Procure-ment	Subsidies	Meat	Dairy	Customs Valuation	Customs Valuation Protocol	Licensing	Aircraft	Antidump-ing
Hong Kong			Accepted	Accepted	Accepted			Accepted	Accepted	Accepted	Accepted	Accepted
Hungary	Accepted		Accepted			Accepted	Accepted	Accepted	Accepted	Accepted		Accepted
Iceland	Accepted											
India		Accepted			Accepted			Accepted	Accepted	Accepted		Accepted
Indonesia		Accepted										
Israel	Signed Subject to Ratification	Accepted										
Ivory Coast		Accepted										

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GATT Member	Tariff Protocol	Supple-ment	Standards	Procure-ment	Subsidies	Meat	Dairy	Customs Valuation	Customs Valuation Protocol	Licensing	Aircraft	Antidump-ing
Jamaica	Accepted											
Japan	Accepted		Accepted	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted
Korea		Accepted	Accepted		Accepted			Accepted	Accepted			
Malaysia		Accepted										
New Zealand	Accepted		Accepted		Accepted	Accepted	Accepted	Accepted	Accepted	Accepted		
Norway	Accepted		Accepted	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted
Pakistan		Accepted	Accepted		Accepted					Accepted		Accepted

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GATT Member	*Tariff Protocol*	*Supplement*	*Standards*	*Procurement*	*Subsidies*	*Meat*	*Dairy*	*Customs Valuation*	*Customs Valuation Protocol*	*Licensing*	*Aircraft*	*Antidumping*
Peru		Accepted										
Philippines			Accepted							Accepted		
Poland	Accepted					Accepted	Accepted					Accepted
Romania	Accepted		Accepted			Accepted	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted
Rwanda			Signed, Subject to Ratification									
Singapore		Accepted	Accepted	Accepted								
South Africa	Accepted					Accepted	Accepted			Accepted		

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GATT Member	Tariff Protocol	Supplement	Standards	Procurement	Subsidies	Meat	Dairy	Customs Valuation	Customs Valuation Protocol	Licensing	Aircraft	Antidumping
Spain	Accepted	Accepted	Accepted		Accepted			Accepted	Accepted			Accepted
Sweden	Accepted		Accepted	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted
Switzerland	Accepted		Accepted	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted
United States	Accepted		Accepted	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted
Uruguay		Accepted			Accepted	Accepted	Accepted					
Yugoslavia	Accepted		Signed, Subject to Approval		Signed, Subject to Approval	Accepted		Signed, Subject to Approval	Signed, Subject to Approval	Accepted		Accepted
Zaire		Accepted										

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as of July 1, 1982
(Revised in Accordance with GATT Document: L/4914/Rev.5/Add.9)

Non-GATT Member	Tariff Protocol	Supplement	Standards	Procurement	Subsidies	Meat	Dairy	Customs Valuation	Customs Valuation Protocol	Licensing	Aircraft	Antidumping
Bulgaria					Accepted	Accepted						
Tunisia			Accepted			Accepted						

VI. IMPORT RELIEF AND REMEDIES

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A. Relief from Unfair Trade Practices

Antidumping Action (19 U.S.C. 160, 1673)

Dumping duties are imposed when the Department of Commerce determines that a class or kind of foreign merchandise is being, or is likely to be, sold in the United States at "less than its fair value" and the United States International Trade Commission (USITC) determines that because of imports of such merchandise, an industry in the United States is materially injured, threatened with material injury, or its establishment is materially retarded. The duty is calculated as the amount by which the foreign market value exceeds the United States price for the merchandise.

Sales at less than fair value exist whenever the price of goods exported to the United States is less than the price at which such or similar goods are sold in the market of the exporting country for home consumption. If too few sales have been made in the home market during the relevant period of comparison to provide an adequate basis for calculating the home market price, sales made for export to countries other than the United States are used instead. If these two types of "price inquiries" fail to produce a "fair value," or if a significant percentage of home market sales are found also to be below the calculated cost of production, the "constructed value" of the merchandise is used. "Constructed value" is defined in the Act as the sum of the cost of producing the merchandise plus statutory minimum additions for overhead and profit.

A formal investigation is initiated in one of two ways. An industry (or industries) can file an acceptable petition simultaneously with Commerce and USITC, or Commerce can self-initiate an investigation if available information indicates dumping may be occurring. However, in practice, the Secretary of Commerce initiates only upon receipt of a petition, except with respect to steel imports subject to the Trigger Price Mechanism. The petition must allege (1) that imports are being or are likely to be sold in the United States at less than fair value and (2) that a domestic industry is being or is likely to be materially injured or the establishment of such is being retarded by reason of such imports; and the petition must be accompanied by information supporting those allegations, which is reasonably available to the petitioner.

Within 45 days after the petition is filed, the USITC must determine whether there is a reasonable indication of material injury. If the preliminary USITC determination is negative, the case is terminated. Within 75 days after the initiation of the investigation, all information received during the first 60 days in reviewed to determine if there is sufficient information to make an expedited preliminary determination. If so, all nonconfidential information is disclosed to the petitioner and to any other party to the proceeding, who requests disclosure. Within three working days after such disclosure, the petitioner and each domestic party to whom disclosure was made may furnish a written waiver of verification of the information received by Commerce, along with an agreement that it is willing to have a preliminary determination made on the basis of the record then available to Commerce. If the waiver and agreement are filed, a preliminary determination is made within 90 days after initiation based on the information received during the initial 60 days of the investigation.

Should there not be sufficient information at the 75-day point, or if the petitioner and other domestic parties to whom disclosure was made fail to file a waiver of verification and an agreement, a preliminary determination is then made within 160 days after initiation (210 days in complicated cases or at petitioner's request). Reasonable information upon which the preliminary determination was based and which is relevant to the injury determination is made available to USITC.

If the preliminary determination is affirmative, Commerce orders the "suspension of liquidation." The actual calculation of duties on the product is suspended. The posting of a cash deposit, bond, or other security equal to the estimated amount by which the foreign market value exceeds United States price is required for entries covered by the suspension of liquidation. If the preliminary determination is negative, no suspension of liquidation occurs.

A petitioner may allege "critical circumstances," in which case a preliminary determination will be made on the basis of the best information available at the time. In such cases, the Commerce Department must find (1) that there is a history of dumping in the United States, or elsewhere, of the class or kind of merchandise which is the subject of the investigation, or that the importer knew the merchandise was priced at less than fair value; and (2) that there have been massive imports of the merchandise over a relatively short period. (If the allegation is filed between 20-30 days before the final determination, then no preliminary determination as to critical circumstances is made and a finding is included in a final determination.)

Immediately after a preliminarly determination is made, disclosure of all releasable information is made to all parties to the proceeding, who are then given an opportunity to present oral views before a final determination is made. Written views may be received from any person at any time prior to 30 days before a final determination is due.

Within 75 days (135 days if an extension is requested) after the date of a preliminary determination, a final determination is made by Commerce. If the final determination is negative, the investigation is terminated, including any suspension of liquidation which may be in effect; and all estimated antidumping duties are refunded and all appropriate bonds or other security is released. The USITC makes an injury determination either 120 days after Commerce makes an affirmative preliminary determination or 45 days after an affirmative final determination is made by Commerce, whichever provides more time. If Commerce arrived at a preliminary negative determination and a final affirmative determination, then the USITC makes its injury determination 75 days after the final affirmative determination. Both Commerce and USITC must arrive at final determinations for an Antidumping Duty Order to be issued.

Within seven days of notification that the USITC has made an affirmative determination on the issue of material injury, an Antidumping Duty Order is published, that directs the assessment of an antidumping duty equal to the amount by which the foreign market value of the merchandise exceeds the United States price of the merchandise. The assessment is to be made within six months after satisfactory information is received on which to base an assessment, but not later than 12 months after the end of the annual accounting period of the manufacturer or exporter.

Countervailing Duty Action (19 U.S.C. 1671)

Section 303 of the Tariff Act of 1930, originally enacted in 1897 and amended in 1974, provides that whenever a "bounty or grant" (now called a subsidy) is paid or bestowed by a foreign country "upon the manufacture or production for export of any article or merchandise manufactured or produced in such country," a countervailing duty equal to the net amount of the subsidy is to be levied upon the importation of such articles into the United States. The purpose of this provision is to offset any unfair competitive advantage that foreign manufacturers or exporters might gain over U.S. producers because of foreign subsidies.

A material injury test has been added to the U.S. law with regard to countries under the Subsidy/Countervailing Duty Code negotiated during the Tokyo Round of the Multilateral Trade Negotiations. Before January 1, 1980, when the new law went into effect, the countervailing duty law operated without regard to injury in any case in which dutiable merchandise benefiting from a bounty or grant was imported into the United States.

While including an injury test, the law also contains a number of provisions designed to ensure that, where subsidized imports are causing material injury to a domestic industry producing a like product, effective relief is available. Under the new law, provisional relief is available for the first time, the time for an investigation is reduced substantially, an illustrative list of subsidy practices is contained in the law, and all parties obtain greater opportunities for participation in the process. The act addresses these problems in a manner consistent with U.S. obligations under the Subsidy Code.

Unfair Import Practice Action (19 U.S.C. 1337)

Section 337 of the Tariff Act of 1930 makes unlawful unfair methods of competition in import trade, the effect or tendency of which is to destroy or injure substantially a domestic industry, to prevent the establishment of an industry, or to restrain or monopolize trade and commerce in the U.S. Most cases under this section have involved patent infringement.

Investigations are conducted by the USITC in response to a complaint or on its own initiative. If the USITC finds a violation of section 337, it may issue an exclusion order prohibiting imports of the product into the U.S. or a case and desist order. Following USITC action, the President may disapprove the determination of the USITC for domestic or foreign policy reasons.

Escape Clause Action (19 U.S.C. 2251)

An escape clause action usually is initiated by a petition from the industry involved to the USITC which investigates and reports to the President. Each of the following conditions must be met for the Commission to find affirmatively and recommend import relief: (1) imports are increasing, either actually or relative to domestic production; (2) a domestic industry producing an article like or directly competitive with the imported article is being seriously injured or threatened with such injury; and (3) the increased imports are a substantial cause of the serious injury or threat thereof to the domestic industry producing a like or directly competitive article.

No further action is taken if the Commission does not find that serious injury or the threat of such injury exists. When the finding is affirmative or the Commission is evenly divided, the Executive Branch agencies concerned with foreign trade examine the matter. No later than 60 days after receiving the Commission's report, the President determines what remedy, if any, is in the national economic interest. The Trade Act of 1974 authorizes, either singly or in combination, tariff increases, tariff-rate quotas, quantitative import restrictions, and orderly marketing agreements. The President also may direct that expedited adjustment assistance be provided for firms and workers in the injured industries and for communities impacted by the injurious imports.

When the USITC recommends relief and the President does not implement the recommendation, he must report promptly to the Congress his reasons for not doing so. In such cases, Congress may, by concurrent resolution passed by majority vote in both Houses, order that the Commission's recommendation be put into effect.

Market Disruption Action (19 U.S.C. 2436)

As defined in the section 406 of the Trade Act of 1974, "Market disruption exists within a domestic industry whenever imports of an article from a Communist country, like or directly competitive with an article produced by such domestic industry, are increasing rapidly, either absolutely or relatively, so as to be a significant cause of material injury, or threat thereof, to such domestic industry." The USITC conducts an investigation and reports to the President. When the Commission finds that market disruption exists, the President may provide import relief; in emergency situations, he may provide immediately relief pending a finding by the Commission. The import relief that can be provided is the same as that authorized in escape clause cases under section 201 of the Trade Act. However, in market disruption cases import relief measures must be confined to imports from the Communist country or countries involved

Section 301 Action (19 U.S.C. 2411)

Under section 301 of the Trade Act of 1974, as amended, the President is authorized to take all appropriate action, including retaliation, to obtain removal of any act, policy, or practice of a foreign government which is found to violate an international trade agreement or is found to be unjustifiable, unreasonable, or discriminatory and which burdens or restricts U.S. commerce.

Section 301 investigations are administered by USTR with the advice of the interagency 301 committee. The resolution of most cases is the result of negotiations and, where appropriate, the formal dispute settlement procedures of applicable international agreements. Each case must be decided within the time limits required by section 304 of the Trade Act of 1974, as amended.

B. Remedies for Agricultural Products and Commodities

Section 22 of the Agriculture Adjustment Act of 1933 (7 U.S.C. 624)

Under section 22 of the Agricultural Act of 1933, as amended, imports of certain agricultural commodities are restricted by quotas or fees to prevent interference with price support programs operated by the Department of Agriculture. Section 22 authorizes the President, on the basis of an investigation and report by the USITC, to regulate importation which renders or tends to render ineffective, or materially interferes with, any domestic production and marketing control program, price support, or other program or operation relating to agricultural commodities. When an emergency exists, the President may take action prior to the Commission's investigation and report.

Section 204 of the Agricultural Act of 1956 (7 U.S.C. 1854)

Under section 204 of the Agricultural Act of 1956, the President may, when he determines such action is appropriate, negotiate with representatives of foreign governments in an effort to obtain agreements limiting the export from such countries, and the importation into the United States, of any agricultural commodity, manufactured product, textiles, or textile products therefrom. The President is authorized to issue regulations governing the entry or withdrawal from warehouse of any such commodity, product, textiles, or textile products to carryout any such agreement. In addition, if a multilateral agreement has been or will be concluded under the authority of this section among countries accounting for a significant part of world trade in the articles concerned, the President may also issue, in order to carry out such an agreement, regulations governing the entry or withdrawal from warehouse of the same articles which are the products of countries not parties to the agreement.

C. Miscellaneous Remedies

International Emergency Economic Powers Act (50 U.S.C. 1701)

Section 205 of the International Emergency Economic Powers Act grants the President emergency authority to regulate foreign exchange transactions, transfer of audit or payments between banking institutions where a foreign interest is involved, import or export of currencies or securities, and to control or freeze property transactions where a foreign interest is involved. The President may exercise this authority only to respond to an "unusual and extraordinary threat, which has its source in whole or substantial part outside the United States, to the national security, foreign policy or economy of the United States."

The President is required to consult with, and report to, Congress regularly with regard to any actions taken under the authority of this statute.

Trading with the Enemy Act (50 U.S.C. App. 5, 16)

This Act prohibits trade with any enemy or ally of an enemy during time of war. The powers granted the President under this statute are broad, but they may be exercised only when Congress has declared a state or war. The provisions of the Act define with specificity what actions are covered and how the Act is to be administered.

VII. DIRECTORY OF RELATIVE FEDERAL AGENCIES

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VII. Directory of Relevant Federal Agencies

Agency for International Development
Public Inquiries Office
Washington, D.C. 20523
(202)632-4200

Export-Import Bank of the U.S.
Public Affairs Officer
Washington, D.C. 20571
(202)566-8990

Overseas Private Investment Corporation
Public Affairs Office
Washington, D.C. 20527
(202)632-2800

Trade and Development Program
Public Affairs Office
Washington, D.C. 20523
(202)235-3663

U.S. Customs Service
Department of the Treasury
Public Information Division
Washington, D.C. 20229
(202)566-5286

U.S. Department of Agriculture
Office of Governmental and Public Affairs
Washington, D.C. 20250
(202)447-2791

U.S. Department of Commerce
Office of Public Affairs
International Trade Administration
Washington, D.C. 20230
(202)377-3808

U.S. Department of Defense
Office of Public Affairs
Washington, D.C. 20301
(202)695-0192

U.S. Department of Labor
Office of Information, Publications, and Reports
Washington, D.C. 20210
(202)523-7316

U.S. Department of State
Bureau of Public Affairs
Washington, D.C. 20520
(202)632-6575

U.S. Department of the Treasury
Public Affairs Office
Washington, D.C. 20220
(202)566-2041

U.S. International Development Cooperation Agency
Office of Public Affairs
Washington, D.C. 20523
(202)632-1850

U.S. International Trade Commission
Public Information Office
Washington, D.C. 20436
(202)523-0235

United States Trade Representative
Executive Office of the President
Office of Public Affairs
Washington, D.C. 20506
(202)395-4647

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VIII. GLOSSARY OF INTERNATIONAL TRADE TERMS

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Term	Definition
A	
Accession	The process of becoming a contracting party to the GATT. Negotiations with established contracting parties determine the concessions (trade liberalization) or other specific obligations a nonmember country must undertake before it will be entitled to full GATT membership benefits. See Concessions, Contracting Party, and General Agreement on Tariffs and Trade.
ACTN	Advisory Committee for Trade Negotiations. Members are appointed by the President to provide overall policy advice on any trade agreement. (Charter by USTR)
ADB (Asian Development Bank)	The Asian Development Bank was formed to foster economic growth and cooperation in the region of Asia and the Far East and to contribute to the acceleration of the process of economic development of the developing member countries in the region, collectively and individually.
Adjustment Assistance	Financial and technical assistance to firms, workers, and communities to help them adjust to rising import competition. The benefits of increased trade to the importing country generally exceed the costs of adjustments. While these benefits are widely shared, the adjustment costs are sometimes narrowly concentrated on a few domestic producers and communities. Both import restraints and adjustment assistance are designed to reduce these hardships. But adjustment assistance, unlike import restraints, allows the economy to enjoy the full benefits of trade expansion. Adjustment assistance is designed to facilitate structural shifts of resources from less productive to more productive industries, contributing further to improved standards of living. Under U.S. law qualified workers adversely affected by increased import compatition can receive special unemployment compensation, retraining to develop new skills, and job search and relocation assistance; affected firms can receive technical assistance and loan guarantees to finance their modernization or shift to other product lines; and communities threatened by expanding imports can receive loans and other assistance to attract new industry or to enable existing plants to move into more competitive fields.
Ad Valorem Rate	An ad valorem rate is an import duty rate expressed as a percentage of the imported commodity's value.
Ad Valorem Tariff	A tariff calculated as a percentage of the value of goods clearing customs, e.g., 15 percent ad valorem means 15 percent of the value. See Tariff. For comparison, see also Specific Tariff.
AFDB (African Development Bank and Fund)	The African Development Bank (AFDB) was established to assist in the economic and social development of the independent African nations and to promote economic cooperation among them. The AFDB membership is exclusively African.

Term	Definition
	The AFDB has established a concessional loan facility, the African Development Fund (AFDF). Loans from the AFDF bear a three-quarters of one percent service charge, with a 40-year maturity, including a ten-year grace period. The fund directs its loan resources toward social development projects. The United States is not a member of the fund. Under the articles of the fund, procurement of goods and services for projects financed by the fund is limited to members only.
AID (Agency for International Development)	The Agency for International Development (AID) carries out assistance programs designed to help the people of certain less developed countries develop their human and economic resources, increase productive capacities, and improve the quality of human life as well as to promote economic or potential stability in friently countries. AID performs it functions under an Administrator, who is also currently Acting Director of the International Development Cooperatioon Agency (IDCA). The Administrator is charged with central direction and responsibility for the U.S. Foreign Economic Assistance Program. See also IDCA and Section II-K of the text.
American Selling Price (ASP)	A method of calculating import duties, applying only to a limited number of U.S. imports, specified by a law enacted by the U.S. Congress in 1922. The 1922 law required that tariffs on certain benzenoid chemicals, rubber-soled canvas footwear, canned clams, and certain inexpensive knit gloves and mittens be calculated on the basis of the price level of competitive American products rather than on the basis of the product's value. The law was enacted principally to protect the U.S. infant dye industry at a time when most dyes used in the United States were imported. As part of the commitment of the United States in accepting the customs valuation code during the Tokyo Round of the Multilateral Trade Negotiations, the United States eliminated the ASP method of valuation.
Andean Group	The Andean Group (or Andean Common Market) was organized in 1969 as a subregional group of the Latin American Free Trade Association. This group has as its purpose the economic integration of its region, partially to be accomplished through restrictions imposed upon external influences such as foreign investment.
Antidumping Code	A code of conduct negotiated under the auspices of GATT during the Kennedy and Tokyo Rounds of the MTN that established both substantive and procedural standards for national antidumping proceedings. The Tariff Act of 1930, as amended by the Trade Agreements Act of 1979, which implements the MTN antidumping code, provides for the imposition of antidumping duties on imported merchandise found to have been sold in the United States at "less than fair value," if those sales have caused or are likely to cause material injury to, or materially retard the establishment of, an industry in the United States. See also Code of Conduct and Dumping.

Term	Definition
Antidumping Duties	See Dumping.
APAC	Agriculture Policy Advisory Committee (chartered by USTR and the Department of Agriculture). See Section IV of the text.
Articles of GATT	See section I-B of the text.
ASEAN	Association of Southeast Asian Nations including Indonesia, Malaysia, the Philippines, Singapore, and Thailand.
ASP	See American Selling Price.
ATAC	Agriculture Technical Advisory Committee (chartered by USTR and the Department of Agriculture).
B	
Balance of Concessions	See Concessions and Reciprocity.
Bilateral Agreement	A formal or informal understanding between two countries.
Binding	A provision in a trade agreement that no tariff rate higher than the rate specified in the agreement will be imposed during the life of a trade agreement without payment or compensation. See Bound Rates.
Border Tax Adjustments	The remission of taxes on exported goods, including sales taxes and value added taxes, designed to ensure that national tax systems do not impede exports. The GATT permits such frontier adjustments on exports for indirect taxes on the condition that these are passed on to consumers, but not for direct taxes (e.g., income taxes assessed on producing firms). The United States Government makes little use of border tax adjustments, since it relies more heavily on income (or direct) taxes than do most other governments.
Bound Rates	Most-favored-nation tariff rates resulting from GATT negotiations and thereafter incorporated as integral provisions of a country's schedule of concessions. The bound rate may represent either a reduced rate or a commitment not to raise the existing rate or a ceiling binding. If a GATT contracting party raises a tariff to a higher level than its bound rate, the beneficiaries of the binding have a right under the GATT to retaliate against an equivalent value of the offending country's exports, or to receive compensation, usually in the form of reduced tariffs on other products they export to the offending country. See also Compensation, Concessions, and Retaliation.
Bounties or Grants	See Export Subsidies and Countervailing Duties.
Boycott	A refusal to deal commercially or otherwise with a person, firm, or country.
Bretton Woods Conference	A meeting under the auspices of the United States at Bretton Woods, New Hampshire, in 1944, to set up some degree of cooperation in matters of international trade and payments and to devise a satisfactory international monetary system to be operated after the end of the second World War. The particular objectives hoped to be achieved were stable exchange rates and free convertibility of currencies for the development of

Term	Definition
	multilateral trade. Both the British and American treasuries had prepared plans for attaining these ends, and a compromise solution, which contained elements of both, was adopted. Two important results of this conference were the establishment of the International Monetary Fund and the World Bank (the International Bank for Reconstruction and Development).
Brussels Tariff Nomenclature (BTN)	See Customs Classification.
Buffer Stocks	Commodity stockpiles managed in such a way as to moderate price fluctuations for the commodities involved. For example, goods from a stockpile may be sold when prices reach predetermined ceiling prices and may be purchased to add to the stocks when prices reach floor prices. See also Common Fund to Finance Buffer Stocks.
C	
CAP	See Common Agricultural Policy.
Cartel	An alliance or arrangement among industrial, commercial, or state-controlled enterprises in the same field of business aimed at securing an international monopoly. A cartel usually seeks to control production so as to raise prices and maximize profits.
Cathedral	The GATT cathedral, more properly called the multilateral agricultural framework, is a group of major agricultural trading countries (U.S., Argentina, Australia, Brazil, Canada, the EEC, India, Japan, and New Zealand) that meet periodically to discuss international agricultural trade issues. The meetings provide an opportunity for high level domestic policymakers and agricultural trade policy officials to discuss the implications of domestic agricultural policies on international trade.
CCC	See Commodity Credit Corporation.
CCC (Customs Cooperation Council)	See Customs Classification.
Certificate of Origin	See Customs and Administrative Entry Procedures.
C.I.F.	A system of valuing imports that includes all costs, insurance, and freight involved in shipping the goods from their port of embarkation to their destination. In contrast, a system of F.O.B. (free-on-board) valuation includes inland transportation costs involved in delivery of goods to a port in the exporting country and the cost of loading the merchandise on the vessel, but excludes the cost of ocean shipping and insurance. Another system of valuation, F.A.S. (free-alongside), differs from F.O.B. only in that cost of loading the merchandise on the vessel is not included. See Valuation.
C.I.F. and C&F (Distinguished)	The term C.I.F. means that the quoted price includes the price of the goods and the insurance and freight to the named destination. The term C&F indicates that the price includes the price of the goods and freight charges, without any costs for transit insurance coverage. These types of arrangements are preferred by many foreign buyers because they place the seller in

Term	Definition
	a position of not only being responsible for the manufacture of goods, but also arranging for the shipment of the goods. The seller must also purchase insurance in the name of the buyer for the goods while they are in transit. The risk of loss of the contracted goods passes to the buyer as soon as the goods are located on a vessel at the shipment point. Therefore, the essential problem relating to C.I.F. type contract is not related to the potential liability for damaged or destroyed goods, but the problem of estimating accurate cost figures at the time of the proposal for freight and insurance charges.
Code of Conduct	An international instrument that specifies acceptable international behavior by nation states or multinational corporations. In the multilateral trade negotiations, several codes of conduct designed to "harmonize" the use of nontariff trade measures were negotiated in the Tokyo Round. GATT Articles III through XXIII contain commercial policy provisions that have sometimes been described as GATT's code of good conduct in trade matters.
Column 1 Rates	Tariff rates of the United States principally established by successive tariff negotiations under the Trade Agreements Program and applicable to the products of all nations that enjoy most-favored-nation status with this country.
Column 2 Rates	The statutory tariff rates of the United States generally established by the Tariff Act of 1930, as amended. These rates are higher than column 1 rates and are currently assessed against imports from countries that do not receive most-favored-nation treatment (i.e., certain communist and communist-dominated countries and areas).
Commercial Counterfeiting Code	Participants in the Multilateral Trade Negotiations failed to reach agreement on a code to deter the importation of counterfeit trademarked merchandise, otherwise known as the Commercial Counterfeiting Code. The Code as presently drafted offers a basis for trademark owners to deter the counterfeiting of their marks by requiring stronger sanctions against the importation of bogus merchandise and by offering improved procedures for border enforcement and legal redress. Negotiations are continuing in Geneva with a view toward attaining a multilateral agreement in the near future.
Commodities	Broadly defined, any goods exchanged in trade; but usually used to refer to widely traded raw materials and agricultural products. See also Primary Commodities.
Commodity Agreement	An international understanding, formally accepted by the principal exporters and importers, regarding international trading of a raw material and usually intended to affect its price. Some producing countries would like to use commodity agreements to raise prices for the commodities they produce. Consuming countries generally are willing to agree only to commodity agreements that only seek to moderate extreme price fluctuations. See also Common Fund to Finance Buffer Stocks.

Term	Definition
Commodity Credit Corporation	The CCC, within the Department of Agriculture, was created by an act of Congress known as the Commodity Credit Corporation Charter Act. Since its formation in 1948, the CCC's purpose has been to stablize, support, and protect farm income and prices; to assist in the maintenance of balanced and adequate supplies of agricultural commodities, foods, feeds, and fibers; and to facilitate the orderly distribution of agricultural commodities.
Common Agricultural Policy	A set of policies and devices by which member states of the European Community (EC) seek to merge their individual agricultural programs into a unified effort to promote regional agricultural development, fair and rising standards of living for the farm population, stable agricultural markets, increased agricultural productivity, and methods of dealing with security of food supply. Two of the principal elements of the CAP are the variable levy (an import duty amounting to the difference between EC target farm prices and the lowest available market prices of imported agricultural commodities) and export subsidies to promote exports of farm goods that cannot be sold within the EC at the target prices. See European Community.
Common External Tariff (CXT)	A tariff rate uniformly applied within a regional grouping of countries, such as the European Community, to imports from countries outside the region. For example, the EC permits free internal trade, but applies common external tariffs against many products imported from nonmember countries. See also Customs Union and European Community.
Common Fund to Finance Buffer Stocks	An international pool of resources that could be used to finance the purchase of buffer stocks for a number of different commodities. In some proposals, the purchases financed by the common fund would seek to raise commodity export prices. In other proposals, buffer stocks financed by a common fund would aim primarily at stabilization of international commodity prices. See also Commodities and Commodity Agreement.
Comparative Advantage	The central concept in modern trade theory. A country or a region has a "comparative advantage" in the production of those goods it can produce relatively more efficiently than other goods. Modern trade theory says that regardless of the general level of the country's productivity or labor costs relative to those of other countries, it should produce for export those goods in which it has the greatest comparative advantage and import those goods in which it has the greatest comparative disadvantage. The country that has few economic strengths will find it advantageous to devote its productive energies to those lines in which its disadvantage is least marked, provided the opportunity to trade with other areas is open to it. The comparative advantage theory was first proposed by David Ricardo in 1817.
Compensation	The principle that any country that raises a tariff above its "bound rate" or withdraws a binding on a tariff or otherwise impairs a trade concession, must lower other tariffs or make other trade concessions to "compensate" countries whose exports are affected. The GATT provides that any country that believes its

Term	Definition
	trade interests have been adversely affected by changes in the import regime of another country may request consultations with the offending country. If such government-to-government consultations do not yield results satisfactory to the concerned parties, the complaining country may seek the establishment of an advisory panel under the aegis of GATT to review the facts and recommend compensation or other appropriate action. See also Consultations.
Competitive	As applied to all internationally traded goods, being preferred by a significant share of the world's consumers because its price is lower, its quality is better, or it is associated with better services (delivery terms, guaranteed repairs, etc.), or a combination of considerations make it appear more attractive than competing goods from other sources. See also Comparative Advantage.
Compound Duty	An import tax consisting of a specific rate plus an ad valorem change.
Compound Tariff	Either a combination of an ad valorem tariff plus a specific duty, or a provision that an ad valorem or specific tax will apply, whichever is higher. Also called a "mixed tariff." See also Ad Valorem Tariff and Specific Tariff.
Concessions	In GATT trade negotiations, those reductions a country offers to make in its own tariff and nontariff import barriers to induce other countries to make reductions in barriers to its exports. See also Reciprocity.
Constructed Value	See Dumping.
Consular Formalities and Documentation	Certain procedures that many countries – especially developing countries – require in connection with the importation of goods, such as special invoices that must be approved by an official of the importing country. These procedures can impede trade, particularly since fees are often charged for required authorizations. The U.S. Government is continuing to encourage some developing countries to reduce requirements for consular formalities and documentation as part of their concessions in the Tokyo Round of multilateral trade negotiations.
Consular Invoice	See Administrative Entry Procedures and Customs.
Consultation	See Dispute Settlements.
Contracting Party	A country that has signed the GATT and thereby accepted the specified obligations and benefits contained therein.
Countertrade	Transactions in which the seller provides the buyer with deliveries (e.g., technology, know-how, finished products, machinery and equipment) and contractually agrees to purchase goods from the buyer equal to an agreed-upon percentage of the original sales contract value. A practice which has become increasingly prevalent in East-West trade; nonmarket economy countries have adopted countertrade in various forms as a tool for generating some or all of the hard currency needed for new industrial projects, expanding exports to the West and minimizing the outlay of scarce resources of hard currency. Also referred to as

Term	Definition
	barter, buy back, counterpurchase, offset, and compensation trade.
Countervailing Duties (CVD)	Additional levies imposed on imports by the importing country to offset government subsidies in the exporting country. The United States has been legally empowered since the 1890's to exact such duties in an amount equal to any "bounties" or "grants" extended by other governments to exporters. The law does not specify what kinds of government practices should be considered a subsidy (bounty or grant). Examples of such practices include preferential government financing, income tax holidays, and rebates of direct taxes on exported products. See Export Subsidies.
CPAC	Commodity Policy Advisory Committee (chartered by USTR). See section IV of the text.
Customs and Administrative Entry Procedures	Certain formalities at national ports of entry, which can result in procedural delays and increased import costs that may inhibit trade even when not intended. Among the more common are health and sanitary certificates, certificates of origin disclosing such information as the place and name of the manufacturer, and consular invoices. See also Consular Formalities and Documentation.
Customs Classification	A detailed classification, coding system, and description of goods that enter into international trade, used by customs officials as a guide in determining which tariff rate applies to a particular item. Most major trading nations (except for the United States and Canada) today classify imported goods in conformity with the Customs Cooperation Council Nomenclature (CCCN) (formerly the Brussels Tariff Nomenclature, or BTN). The Council is headquartered in Brussels. See also Tariff.
Customs Cooperation Council Nomenclature (CCCN)	See Customs Classification.
Customs Union	A group of nations that have eliminated trade barriers among themselves and imposed a common tariff on all goods imported from all other countries. The European Common Market is a customs union.
Customs Valuation Code	The customs valuation code lays down international rules for uniform and equitable valuation for duty purposes for all classes of international trading. The primary method of valuation under the code is transactional value. See Valuation.
D	
Deficiency Payments	Government payments to compensate farmers for all or part of the difference between domestic market price levels for a commodity and a higher target price. See also Variable Levy.
Dillon Round	The trade negotiations that took place under the aegis of GATT in 1960 and 1961, named after Douglas Dillon, then the U.S. Under Secretary of State, who publicly proposed the negotiations. See also Round and Item-by-Item Negotiations.

Term	**Definition**
DISC	See Domestic International Sales Cooperation.
Discrimination	Inequity of trade treatment accorded one or more exporting nations by an importing nation. This may take the form of preferential tariff rates for imports from particular countries, or trade restrictions that apply to the exports of certain countries, but not to similar goods from other countries. For comparison, see Most-Favored-Nation Treatment.
Dispute Settlement	Any of a number of procedures set out in the GATT for legal redress in cases of violation, nullification, or impairment of trade benefits. The most important Articles in this regard are Articles XXII and XXIII. Article XXII obligates contracting parties to consult on GATT matters whenever any other member so requests. This provision is important because it gives members an opportunity to negotiate solutions to trade problems on a bilateral basis within the framework of the GATT. Should bilateral consultations under Article XXII fail to resolve a dispute, the matter may be referred to the contracting parties for resolution; or the parties to the dispute may invoke Article XXIII. The procedures under Article XXIII provide the same opportunity for bilateral consultations, as well as providing for the establishment of a panel of experts to study the matter. Such procedures can culminate in recommendations from the contracting parties on how to solve a dispute.
Domestic International Sales Corporation (DISC)	A DISC is a special corporation, created by the Revenue Act of 1971, that is entitled to defer a percentage of its federal income taxes on the income from export profits until that income is distributed to shareholders. A DISC is a domestic corporation that meetings the following requirements: • Has at least $2,500 paid-in capital • Has only one class of stock • Files a statement of election to be treated as a DISC with the Internal Revenue Service • Demonstrates shareholder consent to such election • Maintains its own bank account and accounting records • At least 95 percent of its income must be from qualified export receipts • At least 95 percent of its assets must be export related The tax-deferred earnings retained by the DISC can be used in the following ways: • Invested in its export business to build up inventory of products to be exported or to provide office and warehouse facilities and other property • Used to extend financing to its foreign customers • Invested in certain Export-Import Bank obligations or in "producer's loans" to related or unrelated U.S. producers for

Term	Definition
	export to help improve their export production capacity or to develop new products.
	A DISC can operate as a principal, buying and selling for its own account, or as a commission agent. It can be related to a manufacturer or be an independent merchant or broker. A DISC also can maintain sales and service facilities abroad to enhance its foreign promotional and market efforts.
Double-Column Tariff	A tariff schedule listing two duty rates for some or all commodities. Imports may be taxed at a higher or lower rate depending upon the importing nation's trade relationship with the exporting nation. In the past the United Kingdom maintained a double-column tariff in order to provide more favorable tariff treatment to the members of the Commonwealth.
DPACT	Defense Policy Advisory Committee on Trade (chartered by USTR).
Drawback	Repayment by a government, in whole or in part, of customs duties assessed on imported merchandise that is subsequently manufactured into a different article or reexported in the same service, or the refund, upon the exportation of an article, of a domestic tax to which it has been subjected.
Dual Pricing	Selling an identical product for different prices in different markets. The practice of dual pricing may often relate to export subsidies or dumping.
Dumping	The sale of a commodity in a foreign market at "less than fair value." "Fair value" is usually considered to be the price at which the same product is sold in the exporting country or to third countries, but can also be the cost of production of the merchandise in question. Dumping can disrupt markets and injure producers of competitive products in the importing country. When this happens, Article VI of GATT permits the imposition of special Antidumping Duties equal to the difference between the price sought in the importing country and the "normal value" of the product in the exporting country. Dumping is generally recognized as an "unfair trade practice."
Duty	See Tariff.
Duty Suspension	A temporary unilateral reduction in tariffs.
E	
East-South Trade	Term used to described trade between the socialist countries of Eastern Europe (east) and the developing countries (south).
East-West Trade	Term used to describe trade between countries with nonmarket economies, such as the Soviet Union and its Eastern European allies, and the developed market economy countries of Western Europe, North America, and Japan.
EC	See European Community.
ECE	Economic Commission for Europe (United Nations).

Term	Definition
Economic Nationalism	A desire to make a nation completely self-sufficient in terms of trade, so that it requires neither imports nor exports for its economic well-being; also known as autarchy or national self-sufficiency.
Edge Act Bank	The Federal Reserve Act enables national banks to form corporations principally engaged in international or foreign banking. This section, known colloquially as the "Edge Act" (after Senate Walter Edge, the sponsor of the legislation) permits these special corporations to operate under somewhat different restrictions than commercial banks. Edge Act corporations can receive demand and time deposits (but not passbook savings deposits) so long as the deposits are incidental to international or foreign transactions. A corporation having aggregate demand deposits and acceptance liaibilities in excess of its capital and surplus, called a "banking edge," must limit the amount of credit granted to any customer to 10 percent of its capital and surplus. Otherwise, a corporation is an "investment edge" and can lend a single customer as much as 50 percent of its capital and surplus.
EEC (The European Economic Community)	See European Community.
EFTA	See European Free Trade Association.
Embargo	A restriction or prohibition upon exports or imports, either with respect to specific products or specific countries. Historically, embargoes have most frequently been order as an adjunct to warfare; but they may also be intended for political, economic, or sanitary purposes.
Enabling Clause	Part I of the Framework Agreement has sometimes been referred to as the "enabling clause," since a key provision permits developed country members of GATT to give more favorable treatment to developing countries and special treatment to the least-developed countries, notwithstanding the most-favored-nation provisions of Article I of the GATT.
ER'S	Export Restraints.
Escape Clause	Any one of successive provisions of U.S. trade law designed to provide relief to domestic producers injured by increased import competition. Section 201 of the Trade Act of 1974 requires the U.S. International Trade Commission to investigate complaints filed by domestic industries or workers claiming that they are damaged or threatened by rapidly rising imports. Section 203 of the Act provides that if the ensuing investigation establishes that the complaint is valid, relief may be granted in the form of adjustment assistance, which can take the form of training, technical, and financial assistance, or temporary import restrictions in the form of tariffs, quotas, tariff rate quotas, and/or orderly marketing agreements. Import restrictions imposed under the escape clause authority usually last no longer than five years

Term	Definition
	but can be extended by the President for a three-year period. The purpose of escape clause actions is to give hard-pressed industries time to adjust to the new competition. In order to invoke escape clause relief, a firm, trade association, group of workers, congressional committee or the Executive Branch must submit a petition to the U.S. International Trade Commission setting out the circumstances that appear to warrant special action. The Commission then has six months to conduct an investigation to determine if increased imports have indeed injured or are likely to injure the domestic industry. A majority of the Commission must then recommend appropriate action to the President, who has 60 days to accept or modify these recommendations or reject them on grounds of "national interest." Congress can, by majority vote of both houses within 90 legislative days, override a Presidential decision not to implement the Commission's recommendations.
European Community (EC)	European Community (EC, the European Economic Community (EEC) prior to 1967. The regional organization created in 1967 when, under a "treaty of fusion," the European Economic Community's institutions merged with those of the European Coal and Steel Community and Eruatom. The European Economic Community was created by the 1957 Treaty of Rome, which established a customs union and looked toward other forms of economic and political cooperation. The treaty provided for the gradual elimination of customs duties and other intra-regional trade barriers, a common external tariff against other countries, and gradual adoption of other integrating measures, including a Common Agricultural Policy (CAP) and guarantees of free movement of labor and capital. The EC has two policymaking bodies: the Council of Foreign Ministers – the highest policymaking body – that meets twice a year and a 13-member commission that meets year-round in Brussels. The countries that the EEC originally comprised in 1957 were France, the Federal Republic of Germany, Italy, the Netherlands, Belgium, and Luxembourg. The United Kingdom, Denmark, and Ireland joined EC in 1973. Greece joined the EC in 1981. Spain and Portugal are being considered as additional members. Turkey's association agreement with the EC calls for its eventual membership. See also Common Agricultural Policy, Common External Tariff, and Customs Union.
European Free Trade Association (EFTA)	A regional trade grouping established in 1958 by the Treaty of Stockholm and originally comprising Denmark, Sweden, Norway, the United Kingdom, Austria, Portugal, Switzerland, Finland, and Iceland. (The United Kingdom and Denmark have since left EFTA to join the European Community.) EFTA has mainly been concerned with the elimination of tariffs with respect to manufactured goods originating in the EFTA countries and traded among them. Agricultural products, for the most part, are not included in the EFTA schedule for tariff reductions. Its headquarters are in Geneva. See also Free Trade Area and European Community.

Term	Definition
Exceptions	See Linear Reduction Tariffs.
Exchange Controls	The attempt by countries facing acute balance of payments difficulties to conserve foreign currencies that come under their control by rationing them to importers who will bring in designated amounts and types of goods specifically approved by the government. Sometimes considered a "nontariff barrier" to trade.
Eximbank	The Export-Import Bank of the United States, known as Eximbank, facilitates and aids in financing exports of U.S. goods and services. Eximbank has implemented a variety of programs to meet the needs of the U.S. exporting community, according to the size of the transaction. These programs take the form of direct lending or the issuance of guarantees and insurance, so that exporters and private banks can extend appropriate financing without taking undue risks. Eximbank's direct lending program is limited to larger sales of U.S. products and services around the world. The guarantees, insurance, and discount programs have been designed to assist exporters in smaller sales of products and services. See Section II-J of the text.
Export Administration Acts of 1969 and 1977	Authority for the President to limit or suspend exports of U.S. commodities and technical data to foreign destinations for any of three specified purposes: to protect the national security, to ensure against a excessive drain of scarce goods, and to further foreign policy objectives.
Export Quotas	Specific restrictions or target objectives on the value or volume of exports of specified goods imposed by the government of the exporting country. Such restraints may be intended to protect domestic producers and consumers from temporary shortages of certain materials, or as a means to moderate world prices of specified commodities. Commodity agreements sometimes contain explicit provisions to indicate when export quotas should go into effect among producers. Export quotas are also used in connection with orderly marketing agreements and voluntary restraint agreements.
Export Restraint Agreements	See Voluntary Restraint Agreements.
Export Subsidies	Generally, direct government payments or other economic benefits given to domestic producers of goods that are sold in foreign markets. The GATT recognizes that "export subsidies" may distort trade, unduly disturb normal commercial interests, and hinder the achievement of GATT objectives; but it does not clearly define what practices constitute export subsidies. The United States sought, as a major objective in the Tokyo Round, to strengthen existing GATT rules on export subsidies and establish an international mechanism for dealing with subsidy problems. See Countervailing Duties.
F	
Fair Value	The reference against which U.S. purchase prices of imported merchandise are compared during an antidumping investigation.

Term	Definition
	It is generally expressed as the weighted average of the exporter's home market prices or prices to third countries during the period of investigation. In some cases it is the constructed value. Constructed value is used if there are no, or virtually no, home market or third country sales, or if the number of such sales made at prices above the cost of production is so few that they provide an inadequate basis for comparison.
F.A.S. (Free Alongside) Named Destination	This provision means that the seller is to pay for the costs and assumes all risks in transporting the contracted items to a position alongside the vessel or plane which the buyer has arranged to transport the goods. In this shipping arrangement the seller is only responsible to deliver the goods to a designated loading area, and the buyer is responsible from that point. In both F.O.B. and F.A.S. transactions, the seller must provide the buyer with the required shipping documents. These documents may include bills of lading, commercial invoices, export licenses, packing lists, and insurance certificates. These shipping documents often serve as payment documents for the seller to submit to a bank, or to the buyer as evidence of performance under the contract and entitlement to payment for the delivered goods.
Floor Prices	See Buffer Stocks.
Florence Agreement	The Florence Agreement is sponsored by the United Nations Educational, Scientific, and Cultural Organization (UNESCO), which has a mandate under its charter to facilitate the exchange of publications, objects of artistic and scientific interest, and other materials of information, and to recommend international agreements which promote the free flow of ideas. Though the text of the Florence Agreement was adopted unanimously in July 1950, the agreement only entered into force with respect to the United States on November 2, 1966. The agreement provides for the duty-free entry, under specified conditions, of various categories of materials listed in the annexes to the agreement.
F.O.B. (Free on Board) Factory	This term means that the seller's delivery obligation is to tender delivery to the buyer by notifying the buyer, or his designated freight forwarder, that the goods are packaged, packed, and ready for shipment from the seller's facility. Generally, in this type of an arrangement, the buyer has the burden for all costs and risks involved in transporting the goods as soon as the buyer or the freight forwarder takes control of the goods at the seller's facility. This type of contract represents an approach that allows the seller to avoid the risks and costs involved in shipping and the uncertainty of fluctuating shipping charges.
F.O.B. Named Destination	This term means that the seller must, at his risk (insurance) and cost (transportation), deliver the goods to the named destination, such as an airport, shipyard or the buyer's facility. If the named destination of the F.O.B. term is an airport or shipyard, the buyer is responsible for the goods until they are loaded on the vessel designated by the buyer to transport them. The seller is to bear the costs of all taxes and charges incurred until the identified F.O.B. destination point is reached.

Term	Definition
Foreign Exchange Controls	Limitations or restrictions on the use of certain types of currency, bank drafts, or other means of payment in order to regulate imports, exports, and the balance of payments.
Framework Agreement	The Tokyo Declaration called for consideration to be given "to improvements in the international framework for the conduct of world trade." Four separate agreements make up what is known as the "framework agreement." They concern (1) differential and more favorable treatment for, and reciprocity and fuller participation by, developing countries in the international framework for trade; (2) trade measures taken for balance of payments purposes; (3) safeguard actions for development purposes; and (4) an understanding on notification, consultation, dispute settlement, and surveillance in the GATT.
Free List	A list of goods not subject to import licensing in a particular country.
Free Port	A port of entry and its surrounding locality into which foreign merchandise may be brought without being subject to the payment of customs duties. Free ports are relatively rare today, but they include Gibraltar, the Canary Islands, Iden, and Manaus, Brazil. See Free Trade Zones.
Free Trade	A theoretical concept to describe international trade unhampered by governmental barriers such as tariffs or non-tariff measures. Free traders favor the reduction or elimination of tariff and non-tariff barriers.
Free Trade Area	A cooperative arrangement among a group of nations that agree to remove barriers to trade with each other, while each maintains its own differing schedule of tariffs applying to all other nations. The best example is the European Free Trade Association. For comparison, see Customs Union.
Free Trade Zone	An enclosed, policed area in a seaport or at an airport or other inland point that is treated for customs purposes as lying outside the customs territory of the country. Goods of foreign origin may be brought in without payment of customs duties pending eventual transhipment or reexportation. See Free Port and Variable Levy.
G	
General Agreement on Tariffs and Trade (GATT)	The GATT is a multilateral instrument, subscribed to by 87 governments which together account for more than four-fifths of world trade. The primary objective of the GATT is to liberalize world trade and place it on a secure basis, thereby contributing to global economic growth and development. The GATT is the only principal multilateral agreement that delineates rules for international trade. The designation GATT also refers to the organizations headquartered in Geneva through which that Agreement is enforced. The organization provides a framework within which international trade negotiations are conducted and trade disputes resolved. The GATT came into existance as an Executive

Term	Definition
	agreement which did not require Senate ratification under the U.S. Constitution. Had the U.S. Senate ratified the Havana Charter, the International Trade Organization (ITO) would have been a specialized agency of the United Nations. See also Code of Conduct, Most-Favored-Nation Treatment and Tariffs. See Section I-B of the text.
Generalized System of Preferences (GSP)	On January 2, 1976, the United States joined eighteen other industrial countries in implementing the GSP. The U.S. scheme is a system of nonreciprocal tariff preferences for the benefit of developing countries. It is one element in a coordinated effort of the industrial trading nations to bring developing countries more fully into the international trading system. The program grants the duty-free entry of imports from eligible beneficiary developing countries for external assistance by encouraging diversity in their production and exports. This will help to make products from developing countries more competitive in the world market-place and will promote the expansion of trade opportunities for all nations. Various factors are taken into account in designating beneficiary developing countries for preferential treatment: the country's level of economic development, including the per capita gross national product and standard of living; whether or not other developed countries are extending generalized tariff preferences to the country; and the extent to which the country has assured the United States equitable and reasonable access to its markets and basic commodity resources. Under the U.S. system, 140 countries and dependent territories have been designated as beneficiaries. There are two features of the law which ensure that preferential treatment is reserved for supplying countries that are not already competitive in the world market for specific products and which offer some measure of protection for domestic producers. These "competitive need limitations" provide that a country loses its eligibility for duty-free treatment of a product 90 days after the close of the calendar year whenever its shipments of the product during the preceding calendar year exceeded 50 percent of total U.S. imports of the particular product, or the value of U.S. imports of the product from that country exceeded a specific dollar amount. The dollar value is adjusted annually to reflect growth in the U.S. Gross National Product. The Trade Agreements Act of 1979 further provides that the 50 percent limit may be waived for a product if total U.S. imports of the item during 1979 were $1 million or less. This $1 million de minimis will also be adjusted annually to reflect growth in the U.S. GNP. Articles are only designated for GSP treatment after receiving advice from the U.S. International Trade Commission on the probable economic effects of duty-free treatment on domestic producers of like or directly competitive items and after public hearings are conducted by the interagency GSP Subcommittee. Certain categories of goods are excluded by statute from consideration for duty-free treatment, specifically products that are determined

Term	Definition
	to be import sensitive in the context of GSP. Product reviews are held each year, during which interested parties may petition to modify the GSP product list. The President has authority to designate items for GSP treatment; or he may suspend, modify, or withdraw preferences for any article. Changes in product eligibility are made by Executive Order in March of each year. The program is authorized to extend until January 4, 1985.
General Tariff	A tariff that applies to countries that do not enjoy either preferential or most-favored-nation tariff treatment. Where the general tariff rate differs from the most-favored-nation rate, the general tariff is usually a higher rate.
Government Procurement Policies and Practices	As a nontariff barrier to trade, the term refers to the discriminatory purchase by official government agencies of goods and services from domestic suppliers, despite their higher prices or inferior quality as compared with competitive goods that could be imported. By law or practice, many countries require their government agencies to buy domestic goods, even when imported goods are better and cheaper. The government procurement code which was negotiated during the MTN provides for uniform national treatment and nondiscrimination in purchases by government entities. The code took effect January 1, 1981.
Graduation	A concept pertaining to developing countries, whereby as they advance economically and become more developed, they assume greater responsibilities and obligations within the international trading system. This term also applies to the Generalized System of Preferences, whereby certain more advanced developing countries may be removed or "graduated" from eligibility on individual GSP eligible products. See also Enabling Clause and Framework Agreement.
Grandfather Clause	A GATT provision that allowed the original contracting parties to accept general GATT obligations despite the fact that some existing domestic legislation was otherwise inconsistent with GATT provisions. See Protocol of Provisional Accession and Residual Restrictions.
Gross National Product (GNP)	The total value of goods and services produced in a nation during a specified period of time (as a year).
GSP	See Generalized System of Preferences.
H	
Harmonization	Cutting tariffs in a way that will tend to make tariffs on most items more nearly uniform within each individual country's tariff schedule. Most proposals for harmonization involve formulas that would produce relatively large cuts in high tariffs and smaller cuts in lower tariffs. This approach is different from the "linear reduction" formula used in the Kennedy Round of trade negotiations, which called for identical percentage cuts for all tariffs to which it was applied. All tariff-cutting proposals for the Tokyo Round negotiations involve some degree of harmonization.

Term	Definition
Harmonized System	The harmonized system is a new classification system for goods in international trade, which will enhance international trade by establishing a uniform system of product classification, if accepted by all major trading countries. It has been under development by the Customs Cooperation Council since 1970. It is anticipated that it will be implemented January 1, 1985.
Havana Charter	See General Agreement on Tariffs and Trade.
Horizontal Reduction	The cutting of all tariff rates on a schedule by the same percentage. Also called an equal-percentage or linear reduction.

I

Term	Definition
ICO	International Coffee Organization.
IDA (International Development Agency)	The World Bank has a second loan "window," called the International Development Agency (IDA), through which funds are borrowed by the poorest countries, usually at no interest but with a small service charge (three-fourths of one percent per annum), with repayment scheduled over 50 years. Most of this IDA concessional lending goes to countries where the per capita income is below $200 per year, such as India, Pakistan, Bangladesh, and various African countries. Since the reflows through loan payments are too slow to support public borrowings, the funds for IDA come from budgetary contributions by more than 20 of the richer countries.
IDB (Inter-American Development Bank)	The Inter-American Development Bank (IDB) provides resources to finance Latin American development. It has two loan "windows." The first lends at near market terms reflecting the cost of money in private capital markets. Funds disbursed through the ordinary capital window are obtained from the financial markets of the world, borrowing against callable capital, much the same as the World Bank. The second window is the IDB's fund for special operations which lends on concessional terms. Loans from this fund finance projects with an emphasis on social development, such as in health, education, and rural water supply. The IDB also serves as administrator for special funds provided by several member and nonmember countries. The largest of these funds is the U.S. Social Progress Trust Fund.
IDCA (International Development Cooperation Agency)	The International Development Cooperation Agency's function is policy planning, policymaking, and policy coordination on the range of international economic issues affecting developing countries. The components of IDCA include the Agency for International Development (AID), the Overseas Private Investment Corporation (OPIC), and the Trade and Development Program (TDP). IDCA's mission is two-fold: first, to ensure that development goals are taken fully into account in all Executive Branch decisionmaking on trade, finance and monetary affairs, technology, and other economic policy issues affecting the less developed nations and, second, to provide strong direction for U.S. economic policies toward the developing world and a

Term	Definition
	coherent development strategy through the effective use of U.S. bilateral development assistance programs and U.S. participation in multilateral development organizations. See Section II-K of the text.
IFAC	Industrial Functional Advisory Committee. There are two IFAC committees, Customs and Standards. (Managed by USTR and the Department of Commerce.) See Section IV of the text.
IFC (International Finance Corporation)	The International Finance Corporation (IFC) is a separately organized member of the World Bank group, receiving its funds through stock subscriptions from member countries and revolving loans and earnings. The function of IFC is to encourage the flow of capital into private (rather than public) investment in developing countries. It makes loans at commercial interest rates, usually as a lender of last resort when sufficient capital cannot be obtained from other sources on reasonable terms. Additionally, in some projects IFC may acquire an equity position (normally a minority interest). Various criteria must be satisfied before IFC will participate in a project. The venture must have the prospect of earning a profit. Also, there must be an anticipated benefit to the economy of the host country, through being a foreign exchange earner or saver, through producing needed goods and services, through increasing employment or advancing technology, and through developing natural resources.
IMF	See International Monetary Fund.
Import Quota	A means of restricting imports by the issue of licenses to importers, assigning to each a quota, after determination of the amount of any commodity which is to be imported during a period. Such licenses may also specify the country from which the importer must purchase the goods. The device works against free trade and the maximization of international trade generally, but may be adopted by a government by internal pressures from traders and workers suffering from competition (which they cannot match).
Import Restrictions	A country with an adverse trade balance (or for other reasons) may desire to control the volume of goods coming into the country from other countries, and for that purpose may impose tariffs or import quotas, restrict the amount of foreign currency available to imports, institute import deposits, impose import surcharges, or prohibit various categories of imports.
Industrialized Nations	As in the case of LDC's, there is not complete agreement about the list of industralized countries, but members of the OECD constitute a reasonable approximation of this category of countries. See OECD and LDC.
Infant Industry Argument	Argument for temporary protection on behalf of an industry that potentially can be competitive in the world market. Often, a new industry realizes declining costs as output expands and experience in production is acquired. In the initial phase of production start-up, infant domestic industry may not be

Term	Definition
	competitive with existing world producers. Thus, it is often argued that temporary protection is required.
INPAC	Investment Policy Advisory Committee (chartered by USTR). See Section IV of the text.
International Bank for Reconstruction and Development (The World Bank)	Established, together with the International Monetary Fund, after the Bretton Woods Conference in 1944. Its purpose was to help countries to reconstruct their economies after the damage inflicted by the war. It is prepared to assist member countries by lending to governmental agencies or by guaranteeing private loans. Loans are usually for fifteen to twenty years and finance agricultural modernization, hydro-electric schemes, port improvements, and general programs of economic reconstruction. The funds come from the developed countries and the Bank acts as a medium-term loan agency in channeling them to the less developed countries.
International Monetary Fund (IMF)	The fund was set up in 1946 as one result of the international monetary conference held two years earlier at Bretton Woods. The intentions were to develop some method of economizing in the use of gold and currency reserves, to establish free convertibility between the currencies of the participating nations, and to set up a scheme for giving temporary assistance to member countries in short- or medium-term balance of payments difficulties. The IMF is, in effect, a bank to smooth out the fluctuations of the world trade cycle. The member countries have contributed gold and currencies to the Fund on the basis of quotas allocated to them. When a country runs into difficulties, it can apply to the Fund for a loan to finance its deficit. At that time it must show that it is taking appropriate action to correct its deficit and to restore and maintain the external value of its currency. Any such loan is related strictly to the member country's economic size, and repayment is expected to be made in three to five years. The IMF has essentially two overall functions: (1) To act as the banker of last resort for countries experiencing foreign exchange deficiencies; and (2) To monitor currency exchange relationships between the economically mature countries.
International Trade Commission (ITC)	See U.S. International Trade Commission.
International Trade Organization (ITO)	See General Agreement on Tariffs and Trade.
IOS	International Organization for Standardization.
IPAC	Industry Policy Advisory Committee (chartered by the USTR and the Department of Commerce). See Section IV of the text.
ISAC	Industry Sector Advisory Committee (chartered by USTR and the Department of Commerce). See Section IV of the text.

Term	Definition
ISPAC	International Steel Policy Advisory Committee (chartered by USTR). See Section IV of the text.
Item-by-Item Negotiations	A method of trade negotiations in which negotiators separately consider the probable trade effects of each tariff cut proposed. The intent is to ensure that at the end of the negotiations, the total effect of cuts offered and received by each participating country will be in approximate balance. Early GATT negotiations followed this approach, which became quite cumbersome by the time of the Dillon Round, leading to the linear reduction formula of the Kennedy Round. See also Linear Reduction of Tariffs and Round.
ITO (International Trade Organization)	See General Agreement on Tariffs and Trade.
J	
J-LIST	Appended to the Tariff Act of 1930, a list of products that are exempted from being marked with the country of origin; however, these products are required to be marketed in containers that indicate country of origin marking. The items on this list appear to be those on which it would be difficult to mark each product individually. Included on the list are such items as cut flowers, unfinished leather, fish hooks, ribbon, screws, sponges, eggs, feathers, etc.
K	
Kennedy Round	The popular name for the sixth "Round" of trade negotiations under the aegis of GATT, 1963-1967. The Kennedy Round produced major cuts in tariffs, an "antidumping code," and a short-lived international wheat agreement. See also Trade Expansion Act of 1962.
L	
LAC	Labor Advisory Committee (chartered by USTR and the Department of Labor). See Section IV of the text.
LDC	Less developed countries or developing countries. There is no single list of less developed countries that is accepted by all nations and international organizations, but the term generally applies to all countries other than members of the Organization of Economic Cooperation and Development (OECD) and the socialist countries of eastern Europe.
LFAC	Labor Functional Advisory Committee (chartered by USTR and the Department of Labor). See Section IV of the text.
Liberal	When referring to trade policy, relatively free on controls or restraints.
Liberalization	Reductions in tariff and other measures that restrict world trade, unilaterally or multilaterally. Trade liberalization has been the objective of all GATT trade negotiations.
Licensing	As defined by the MTN agreement on import licensing procedures' (licensing code), licensing is the practice of requiring

Term	Definition
	the submission of an application or other documentation (other than that required for customs purposes) to the relevant administrative body for approval as a prior condition for importation into the customs territory of a country.
Linear Reduction of Tariffs	A reduction, by a given percentage, in all tariffs maintained by all countries participating in a given round of trade negotiations, unless there are explicit "exceptions." Exceptions usually are confined to products so "sensitive" that increased imports might cause severe political and economic difficulties. This approach to negotiating tariff reductions was used in the Kennedy Round to avoid the difficulties involved in item-by-item negotiations. Also known as Across-the-Board Tariff Reductions. See also Harmonization and Item-by-Item Negotiations.
Lomé Convention	An agreement between the European Community and 53 "associated" states of Africa, the Caribbean, and the Pacific in 1975, through which the EC provides these states with financial and technical aid, as well as duty-free entry of many of their products into European markets. The Associated States no longer have to grant reverse preferences, as they did under the earlier Yaounde Convention, to qualify for duty-free entry. In addition, the Convention created a mechanism known as "STABEX," which was designed to stablize the export earnings of the associated countries from selected primary products. Compensatory payments from the Community under STABEX are based on the amount by which the actual export earnings of a particular country's exports of the designated commodities to the Community in a given year fall below export trends, and are extended only when such shortfalls attain a specified magnitude. See also Reverse Preferences.
Long-term Agreement on International Trade in Cotton Textiles (LTA)	See Multi-fiber Arrangement Regarding International Trade in Textiles.
LSAC	Labor Sector Advisory Committee (chartered by USTR and the Department of Labor). See Section IV of the text.
M	
Market Access	Availability of a national market to exporting countries, i.e., reflecting a government's willingness to permit imports to compete relatively unimpeded with similar domestically produced goods.
Market Disruption	Situation existing when a surge of imports in a given product line in a particular country causes sales of domestically produced goods to decline to an extent that the domestic producers and their employees suffer major economic reversals.
MDB (Multilateral Development Banks)	African Development Fund, Asian Development Bank, Inter-American Development Bank, World Bank Group.
Mercentilism	The economic philosophy that equates the possession of gold or the accumulation of other international monetary assets, such as

Term	Definition
	foreign currency reserves, with wealth. Although this point of view is generally discredited among economists and twentieth century trade policy experts, some political leaders still favor policies that promote exports and protect domestic industries competing with imports, on the theory that a trade surplus – which results in the accumulation of monetary assets in exchange for real goods – is equated with economic strength and moral virtue.
MFA	See Multi-fiber Arrangements Regarding International Trade in Textiles.
MFN	See Most-Favored-Nation Treatment.
Minimum Valuation	The valuation for tariff purposes of all items below a certain value in an import category as if they were of that higher value.
Mixed Tariff	See Compound Tariff.
MNC	Multinational Corporation
Most-Favored-Nation Provision	A promise in a treaty or agreement to extend to the contracting nation the best trade provileges granted to any other nation. Since 1930's the United States has incorporated an "unconditional" most-favored-nation provision in its trade agreements, meaning that the extension of privileges or the reduction of tariffs negotiated with one nation automatically apply to all trading partners unless specifically excluded by law.
Most-Favored-Nation Treatment (MFN)	A commitment that a country will extend to another country the lowest tariff rates it applies to any third country. All contracting parties undertake to apply such treatment to one another under Article I of GATT. When a country agrees to cut tariffs on a particular product imported from one country, the tariff reduction automatically applies to imports of this product from any other country eligible for most-favored nation treatment. This fundamental principle of nondiscriminatory treatment of imports appeared in numerous trade agreements prior to the establishment of GATT. A country is under no obligation to extend most-favored-nation treatment to another country, unless they are both contracting parties to GATT, or unless most-favored-nation treatment is specified in an agreement between them. See also General Agreement on Tariffs and Trade and Trade Act of 1974.
MTN (Multilateral Trade Negotiations)	A descriptive term which could be applied to any of the seven round of negotiations held under the auspices of the GATT since 1947. (See Round.)
Multi-fiber Arrangement Regarding International Trade in Textiles (MFA)	An international compact that allows contracting parties to apply quantitive restrictions on textile imports when the importing country considers them necessary to prevent market disruption – restrictions that would otherwise be contrary to GATT provisions.

Term	Definition
	The MFA provides that such restrictions should not reduce imports to levels below those attained during the preceeding year. Since an importing country may impose such quotas unliterally to restrict rapidly rising textile imports from countries with which it has no bilateral agreements, most important textile exporting countries consider it advantageous to have bilateral agreements with the principal textile importing countries. The bilateral agreements generally permit the textile trade in specified textile and apparel products to expand by stated percentages each year. The MFA went into effect on January 1, 1974; was renewed in December 1977; and was renegotiated, effective December 31, 1981. It succeeded the Long-Term Agreement on International Trade in Cotton Textiles (LTA), which had been in effect since 1962. Whereas the LTA applied only to cotton articles, the MFA also applies to wool and man-made fiber textiles and apparel products. The objective of the MFA is to prevent the disruptive economic effects in importing countries that might result from sudden increases in textile imports while encouraging importing countries to expand their textile import quotas pursuant to individual bilateral agreements, so that, in the aggregate, there will be an expansion of world trade in textiles of at least six percent per year. See Market Disruption and Textiles.
Multilateral Agreement	An international compact in which three or more parties participate. Since its establishment in 1947, the GATT has been used to promote multilateral approaches to international trade policy, in place of bilateral approaches.
Multilateral Safeguard System (MSS)	See Safeguards.
N	
Nonmarket Economy	Term used to describe an economic system in which economic activity is regulated by central planning, as opposed to market forces such as supply and demand. Economic factors, such as production targets, prices, costs, investment allocations, inputs, and most other aspects of economic decision making, are executed in accordance with a national economic plan drawn up by a central planning authority. Characteristic of the economic systems of the Soviet Union and most other communist countries.
Non-Tariff Barriers (NTB's) Also Called Non-Tariff Measures (NTM's)	Import quotas, foreign exchange controls, or other non-tariff policies designed to restrict or prevent the international exchange of goods. These are government measures or policies other than tariffs that impede or distort the flow of international commerce. For the principal categories under which GATT classifies NTM's. See Customs and Administrative Entry Procedures, Standards, and Specific Limitations on Trade.
North-South Trade	Trade between the industrialized countries (north) and the developing countries (south).
NTM's	An acronym for non-tariff measures – referring generally to the type of practices covered by the codes negotiated during the

Term	Definition
	Tokyo Round.
O	
OECD	See Organization for Economic Cooperation and Development.
Offer List	Concessions offered by a country in trade negotations, or a list of selected commodities on which a country offers to make concessions. The actual list submitted during the negotiations may be a list of exceptions to the agreed formula for tariff reductions, or an offer to accept expanded coverage under a proposed code on conduct. See Code of Conduct and Concessions.
Offset Requirements	Governments sometimes impose offset requirements on foreign exporters, as a condition for approval of major sales agreements in an effort to either reduce the adverse balance of trade impact or a major sale, or to gain specified industrial benefits for the importing country. Offset requirements generally take one of two forms. In one formulation, an exporter may be required to purchase a specified amount of locally-produced goods or services from the importing country. For example, a commercial aircraft manufacturer seeking sales to an airline in another country might be required to purchase products as different from airplanes as canned hams. In other instances, an exporter might be required to establish manufacturing facilities in the importing country or to secure a specified percentage of the components used in manufacturing his product from etablished local manufacturers.
OPIC (Overseas Private Investment Corporation)	See IDCA and Section II-K of the text.
Orderly Marketing Agreements (OMA's)	Contracts negotiated between two or more governments, in which the exporting nation undertakes to ensure that international trade in specified "sensitive" products will not disrupt, threaten, or impair competitive industries or workers in importing countries. For comparison, see Voluntary Restraint Agreements.
Organization for Economic Cooperation and Development (OECD)	An organization set up under a convention signed in Paris in December 1960, by the United States and Canada together with the member countries of the organization for European Economic Cooperation. The Organization of Economic Cooperation and Development (OECD), headquartered in Paris, constitutes the forum for the developed countries to discuss trade and related matters. The developed countries use the OECD and its various committees and working groups to conduct both studies and negotiations on particular problems which they jointly must resolve, and to coordinate their policies for purposes of other international negotiations. The member countries are Australia, Austria, Belgium, Canada, Denmark, Finland, France, West Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the United States.

Term	Definition
P	
Packaging, Labeling, and Marketing Regulations	National requirements that compel exporters to prepare their goods in certain kinds of containers or to identify the contents in a particular way. Even when designed only to protect consumers, such requirements may pose more problems for the makers of imported goods than for domestic producers, and may be regarded as nontariff measures that inhibit trade.
Panel of Experts	Subgroups of the GATT established by the contracting parties on an ad hoc basic to study a particular facet of GATT work. Panels are generally composed of three to five persons who serve in their individual capacity, acting not as representatives of nations but as experts or objective judges of particular matters.
P.L. 480	See Public Law 480
Preferences	Special trading advantages extended by importing countries to selected trading partners, usually by admitting goods at tariff rates below those imposed on goods of competing exporters, or by exempting the favored countries from certain non-tariff barriers. See also Generalized System of Preferences and Reverse Preferences.
Price Elasticity of Demand	A measure of the probable percentage change in demand for a given product in response to a one percent change in its price.
Primary Commodities	Usually commodities in the raw or unprocessed state. For example, iron ore is a primary commodity, whereas pig iron is a semi-processed product, and a steel girder is a manufactured item.
Principal Supplier	The country that is the most important source of a particular product imported by another country. In negotiations conducted under GATT, a country offering to reduce import duties or other barriers on a particular item generally expects the principal supplier of the imported item to offer, in exchange, to reduce restrictions on an item. Both countries then automatically grant the same concessions to all other countries to which they have agreed to accord most-favored-nation treatment, including all contracting parties to GATT. See also concessions, Most-Favored-Nation Treatment and Reciprocity.
Prior Deposits	A government requirement that an importer must deposit, in domestic or foreign currency, a sum corresponding to a certain percentage of the value of the product imported. Such deposits are characteritically held without interest, sometimes for many months – from the time an order is placed until after an import operation has been completed – and, hence, represent a real cost. Since the purpose of prior deposits is usually to discourage imports, particularly for balance of payments reasons, they are considered non-tariff measures that impede trade. Prior deposits are usually administered in conjunction with import licensing, with the deposits required at the time the license is granted.
Procurement	See Government Procurement Policies and Practices

Term	Definition
Protection	Government measures – including both tariff and non-tariff measures – that raise the cost of imported goods or otherwise restrict their entry and thus strengthen the competitive position of domestic goods vis-a-vis the foreign products.
Protectionism	The setting of trade barriers high enough to discourage foreign imports or to raise their prices sufficiently to enable relatively inefficient domestic producers to compete successfully with foreigners. These barriers "protect" domestic producers from lower-priced foreign goods.
Protocol of Provisional Accession (PPA)	A legal device that enabled the original contracting parties to accept general GATT obligations and benefits, despite the fact that some of their existing domestic legislation at that time discriminated against imports in a manner that was inconsistent with certain GATT provisions. Although the protocol was intended to be "temporary," it has remained in effect; and countries that signed it in 1947 continue to invoke it to defend certain practices that are otherwise inconsistent with their GATT obligations. Countries that acceded to the GATT after 1947 do not have recourse to the protocol. See Grandfather Clause.
Public Law 480	The Agricultural Trade and Assistance Act of 1954, refered to as P.L. 480, is adminstered by the Department of Agriculture through the Foreign Agricultural Service. Its original function allowed the U.S. to sell its surplus agricultural commodities to friendly nations abroad in exchange for payment in local currencies. However, P.L. 480 has evolved into an important vehicle for developing export markets for U.S. agricultural goods, for meeting humanitarian food needs, and for spurring economic and agricultural growth in the developing world. It is estimated that shipments under P.L. 480 has accounted for nearly 30 percent of total U.S. direct economic aid to the developing countries since 1954. The four titles of P.L. 480 follow: Title I – Concessional Sales, Title II – Donations for Disaster Relief, Title III – Food and Development, and Title IV – General Provisions.
Q	
Quantitative Restrictions (QR's)	Explicit limits, usually by volume on the amount of a specified commodity that may be imported into a country, sometimes also indicating the amounts that may be imported from each supplying country. Compared to tariffs, the protection afforded by QR's tends to be more predictable, being less affected by changes in competitive factors. Quotas have been used at times to favor preferred sources of supply. The GATT generally prohibits the use of quantitative restrictions, except in special cases, such as those cited in Articles XX (which permits exceptions to protect public health, national gold stocks, goods of archeological or historic interest, and a few other special categories of goods), or Article XXI (which permited exceptions in the interest of "national security"), or for safeguard purposes, when the appropriate procedures in Article XiX have been followed. See also Safeguards.

Term	Definition
Quarantine, Sanitary, and Health Laws and Regultions	Government measures to protect consumer health, such as restricting the use of potentially injurious preservatives and other additives in food products. The lack of international agreement and definitions in this area means that legitimate sanitary requirements may cause difficulties for exporters and may appear to be protectionist in countries that are less strict. In some cases, measures imposed ostensibly for health reasons may actually be designed to restrict foreign competition. This category of non-tariff measures will be regulated in the future by the standards code.
Quotas	See Quantitative Restrictions and Tariff Quotas.
R	
Reciprocal Trade Agreements Act of 1934	See Trade Agreements Act of 1934 and Most-Favored-Nation Treatment.
Reciprocity	The lowering of customs duties on imports in return for tariff concessions from other countries; the negotiated reduction of a country's import duties or other trade restraints in return for similar concessions from another country. A traditional principle of GATT trade negotiations that implies an approximate equality of concessions accorded and trade benefits received among or between participants in a negotiation. In practice this principle applies only in negotiations between developed countries. Because of the frequently wide disparity in their economic capacities and potential, the relationship of concessions negotiated between developed ad developing countries is generally not one of equivalance. The concept of "relative reciprocity" has emerged to characterize the practice by developed countries to seek less than full reciprocity from developing countries in trade negotiations.
Residual Restrictions	Quantitative restrictions that have been maintained by governments before they became contracting parties to GATT and, hence, permissible under the GATT "grandfather clause." Most of the residual restrictions still in effect are maintained by developed countries against the imports of agricutural products. See also Grandfather Clause, Protocol of Provisional Accession, and Quantitative Restrictions.
Restitutions	Certain payments made by the European Community to manufacturers of exported goods.
Restrictive Business Practices (RBP's)	Actions in the private sector, such as collusion among the largest international suppliers, designed to restrict competition so as to keep prices relatively high.
Retaliation	Action taken by a country whose exports are adversely affected by the raising of tariffs or other trade restricting measures by another country. The GATT permits an adversely affected country to impose limited restraints on imports from a country that has raised its trade barriers after consultations with countries whose

Term	Definition
	trade might be affected. In theory, the volume of trade affected by such retaliatory measures should approximate the volume of trade affected by the precipitating change in import protection.
Reverse Preferences	Tariff advantages once offered by developing countries to imports from certain developed countries that granted them preferences. Reverse perferences characterized trading arrangements between the European Community and some developing countries prior to the advent of the Generalized System of Preferences (GSP) and the signing of the Lomé Convention. See European Community, Generalized System of Preferences, Lomé Convention, and Preferences.
Road Taxes	Road taxes are excise taxes imposed by governments on the sale or operation of motor vehicles which have the effect of discriminating in favor of one type of vehicle over another. Typically road taxes are based on either weight or engine displacement.
Round	Cycles of multilateral trade negotiations under GATT, culminating in simultaneous agreements among participating countries to reduce tariff and non-tariff tade barriers. Seven rounds have been completed thus far – at Geneva in 1947–48; Annecy, France, in 1949; Torquay, England, in 1950–51; Geneva in 1956; Geneva in 1960–61 (the Dillon Round); and Geneva in 1963–67 (the Kennedy Round). The seventh round, also held in Geneva is called the "Tokyo Round" because it formallly began in Tokyo in 1973. The Tokyo Round was concluded in 1979.
S	
Safeguards	The two parts of the multilateral safeguard system are (1) a country's right to impose temporary import controls or other trade restrictions to prevent commercial injury to domestic industry, and (2) the corresponding right of exporters not to be deprived arbitrarily of access to markets. Article XIX of the GATT permits a country whose domestic industries or workers are adversely affected by increased imports to withdraw or modify concessions it had earlier granted, to impose new import restrictions if it can establish that a product is "being imported in such increased quantities as to cause or threaten serius injury to domestic producers," and to keep such restrictions in effect "for such time as may be necessary to prevent or remedy such injury." The Trade Act of 1974 clarified that authority to take such actions in the United States. The terms "safeguard" and "escape clause actions" are synonomous.
Schedule	See Tariff Schedule.
SDR	SDR's are Special Drawing Rights, created in 1969 by the International Monetary Fund (IMF) for the purpose of establishing a supplemental international monetary reserve asset that would be available to countries through the IMF or their national resources. SDR's were established to serve the function previously served by gold. The unit value of an SDR reflects the daily exchange value of a basket of five major currences. SDF's are the denominator in the government procurement code that

Term	Definition
	establishes a minimum threshold level, below which the code does not apply.
Section 301 Authority	See Unfair Trade Practices.
Sensitive Products	Goods whose costs of production are such that any reduction in tariff or non-tariff barriers to imports is deemed likely to threaten the continued viability of the domestic industry whose producing units employ large numbers of workers. Since any significant change in the competitive situation of such industries could dislocate large number of workers and cause serious social, economic, and political adjustment problems, these products are most likely to be excepted from tariff reduction formulas in trade negotiations. Textiles and steel are examples of products that are considered sensitive in many countries.
Single-Column Tariff	A tariff schedule listing only one duty rate for each imported commodity. The United States maintained single-column tariff schedule until 1909.
SPAC	Services Policy Advisory Committee (chartered by USTR). See Section IV of the text.
Special and Differential Treatment	The principle, enunciated in the Tokyo Declaration, that the Tokyo Round negotiations should seek to accord particular benefits to the exports of developing countries, consistent with their trade, financial, and development needs. Among proposals for special or differential (S&D) treatment are reduction or elimination of tariffs for exports of developing countries under the Generalized System of Preferences (GSP), expansion of product and country coverage of the GSP, advance implementation of tariff cuts agreed to in the Tokyo Round for developing country exports, substantial reduction or elimination of tariff escalation, special provisions for developing country exports in any new codes of conduct covering nontariff measures, assurance that any new miltilateral safeguard system will contain special provisions for developing country exports, and the principle tht developed countries will expect less than full reciprocity for trade concessions they grant developing countries. See Reciprocity and Tariff Escalation.
Specific Duty	An import tax set at a fixed amount per unit or per unit of measure regardless of the value of the item imported.
Specific Limitations on Trade	Measures imposed by governments that retrict imports or exports of a product to an explicitly stated volume or value, or require separate government authorization for each export or import transaction. See Boycott, Embargo, Exchange Controls, Export Quotas, Licensing, Quantitative Restrictions, Residual Restrictions, and Tariff Quotas.
Specific Tariff	A tariff levied on the basis of some physical unit (pound, bushel, or yard). For comparsion, see Ad Valorem Tariff.
Stabex	See Lomé Convention.

Term	**Definition**
Standards	As defined by the MTN "Agreement on Technical Barriers to Trade" (Standards Code), a standard is a technical specification contined in a document that lays down characteristics of a product such as levels of quality, performance, safety, or dimensions. It may include, or deal exclusively with, terminology, symbols, testing and test methods, packaging, marking, or labeling requirements as they apply to a product.
Standard-Related Activity	An activity undertaken in the area of standardization, including testing products for conformity to standards and certification of products.
Standstill Understandings	Three sectors–aircraft, nuclear power stations, and ships–are excluded from coverage of the OECD arrangement on officially supported export credits which delinates the general parameters of the use of official export financing. This was the consequence of the inability of the member governments to reach agreement on terms for these sectors. Guidelines governing the use of export credits for these sectors are stipulated in separate "standstilll" understandings in which the OECD members have basically agreed not to offer softer terms than those currently in practice. *Aircraft Standstill* – OECD members have agreed not to offer more concessional terms on official export financing for aircraft than those currently used. This implies a minimum down payment of 10% and maximum repayment period of 10 years with the exception of maximum repayment of 12 years for leasing contracts. There are no interest rate provisions specified in the understanding *Nuclear Power Station Standstill* – OECD members have agreed not to grant softer terms than those currently in practice for official financing of nuclear power stations. Current practice is a minimum downpayment of 10% and a 15 year repayment period. No guidelines on interest rates were delinated. *Ship Standstill* – OECD member governments have agreed to abolish existing official facilities for providing export fiancing for ships and to require that new institutions adhere to the following terms: a maximum repayment period of 7 years, a downpayment of 30%, and a mimimum interest rate of 8%.
State Trading Nations	Countries, such as the Soviet Union, the People's Republic of China, and the countries of Eastern Europe, that rely heavily on government entities instead of private corporations to conduct their trade with other countries. Some of these countries (e.g., Czechosovakia and Cuba) have long been contracting parties to GATT, whereas others (e.g., Poland, Hungary, Bulgaria, and Romania) participate in the GATT under special arrangements, each under different terms and conditions of accession that are generally designed to ensure steady expansion of the country's imports from other GATT countries, despite the relative insignificance of tariffs in affecting import decisions in a state trading nation.
Stockholm Treaty	See European Free Trade Association.

Term	Definition
STR	See USTR.
Structural Change	Alterations in the relative significance of the productive components of a national or international economy that take place over time. Expansion in the economy as a whole, or temporary shifts in the relationship of its components as a result of cyclical developments, would not be considered structural changes. Since the industrial revolution, structural change in most countries has resulted principally from changes in comparative advantage associated with technological advance, but also to a lesser degree from changes in consumer preference. It has involved shifts from subsistence agriculture to commercial agriculture, reduction in the percentage of the labor force engaged in agriculture, an increase in the relative significance of manufacturing, and, at a later stage, a further shift toward service industries. Other major structural changes involve shifts in the economic importance between various industries, shifts between regions of large national economies, and changes in the composition of exports and imports. See also Comparative Advantage.
Subsidy	See "Export Subsidies."
Supply Access	Assurances that importing countries will, in the future, have fair and equitable access at reasonable prices to supplies of raw materials and other essential imports. Such assurances should include explicit constraints against the use of the export embargo as an instrument of foreign policy. Such assurances reflect the desire of developed countries to have a consistent supply of important raw materials at stable prices.

T

Tariff	A tax on imports; the rate at which imported goods are taxed. The term 'tariff' usually refers to a list or "schedule" of articles of merchandise with the rate of duty to be paid to the government for their importation. See also Ad Valorem Tariff, Bound Rates, Compound Tariff, Conventional Tariff, Dumping, General Tariff, Specific Tariff, Tariff Quoas and Tariff Schedule.
Tariff Anomaly	A tariff anomaly is said to exist when the tariff on raw materials or semi-manufactured goods is higher than the tariff on the finished product.
Tariff Commission	See U.S. International Trade Commission.
Tariff Escalation	A situation in which tariffs on manufactured goods are relatively high, tariffs on semi-processed goods are moderate, and tariffs on raw materials are nonexistent or very low. Such "escalation" – which exists in the tariff schedules of most developed countries – is said to discourage the development of manufacturing industries in developing countries.
Tariff Harmonization	See Harmonization.
Tariff Quotas	Application of a higher tariff rate to imported goods after a specified quantity of the item has entered the country at the usual tariff rate during a specified period.

Term	Definition
Tariff Schedule	A comprehensive list of the goods which a country may import and the import duties applicable to each product.
Tariff Schedule of the United States (TSUS)	A classification of goods specifying the duty that the U.S. Government assessed against each import item.
TDP	Trade and Development Program. See IDCA and Section II-Kof the text.
Technical Standards	See Standards.
Textiles	As defined in the 1974 Multi-fiber Arrangement Regarding International Trade in Textiles, "yarns, piece goods, made-up articles, garments, and other textile manufactured products (being products that derive their chief characteristics from their textile components) of cotton, wool, man-made fibers, or blends thereof, in which any or all of those fibers in combination represent either the chief value of the fibers or 50 percent or more by weight (or 17 percent or more by weight for wool) of the product." Within the textiles area, apparel products utilize more unskilled or semi-skilled labor and less expensive, less sophisticated capital goods than are required in other manufacturing industries and, thus, are often among the first manufactured goods to be produced in a developing country. More recently, textiles have come to include an increasing range of goods that require a somewhat more capital-intensive production process, especially some of the more sophisticated man-made fibers and complex knit cloths.
TNC	Trade Negotiating Committee (a subcommittee of the TPC). See Section III-C of the text.
TNC	Transnational Corportation.
Tokyo Declaration	The statement signed in September 1973, in Tokyo, Japan, by ministers representing 105 countries, initiating the Tokyo Round of trade negotiations held in Geneva under the auspices of GATT.
Tokyo Round of Trade Negotiations	The negotiations formally initiated by the 1973 Tokyo Declaration. The Tokyo Round, also called the "Multilateral Trade Negotitions" (MTN), differed from the previous GATT negotiations in that more countries were involved including many developing countries and several Eastern European countries. Greater efforts were made to eliminte, reduce, or discipline non-tariff measures that restrict trade as well as tariffs, especially with respect to impediments to the expansion of international trade in agricultural goods. The Tokyo Round was completed in 1979. See also Non-Tariff Measures, Tariffs, and Tokyo Declaration,.
TPC	The Trade Policy Committee (TPC) is the senior interagency trade committee established to provide broad guidance. It is chaired by the USTR and its members include secretary level individuals. See Section III-B of the text.
TPM	See Trigger Price Mechanism

Term	Definition
TPRG	Trade Policy Review Group (the assistant secretary level). See Section III-D of the text.
TPSC	Trade Policy Staff Committee (office-director level). See Section III-E of the text.
Trade Act of 1974	Legislation signed into law on January 3, 1975, which granted the President broad new authority to enter into international agreements to reduce import barriers. The major purposes of the act were, as stated in the legislation itself, (1) to stimulate the economic growth of the United Stats and to maintain and enlarge foreign markets for the products of U.S. agriculture, industry, mining and commerce; (2) to strengthen economic relations with other countries through the development of open and non discriminatory trading in the free world; (3) to provide adequate procedures to safeguard American industry and American workers against unfair or injurious import competition; and (4) to provide adjustment assistance to industries, workers, and communities injured or threatened by increased import competition. The Trade Act also granted the President authority to extend tariff preferences to certain imports from developing countries and set conditions under which most-favored-nation (MFN) treatment could be extended to imports from nonmarket economy countries that had not previously received MFN treatment from the United States. See also Adjustment Assistance, Countervailing Duties, Dumping, Generalized System of Preferences, Most-Favored-Nation Treatment, Preferences, and Tokyo Round.
Trade Agreements Act of 1934, as amended	A U.S. law that before World War II provided authority for the U.S. government to enter into bilateral agreements with other countries for reciprocal tariff reductions, which were then extended to other countries through most-favored-nation clauses. It also provided the authority for U.S. participation in the first five rounds of GATT trade negotiations from 1947 through the Dillion Round. It was superseded by the Trade Expansion Act of 1962, which in turn was superseded by the Trade Act of 1974. See also Most-favored-Nation Treatment.
Trade Agreements Act of 1979	The Trade Agreements Act of 1979 approves and implements the trade agreements negotiated by the United States, under the Trade Act of 1974, in the Tokyo Round of the Multilateral Trade Negotiations (MTN). The trade agreements negotiated during the Tokyo Round of the MTN were not self-executing and, accordingly, did not have independent effect under U.S. law. The provisions of the Trade Agreements Act were drafted to be fully consistent with the trade agreements negotiated in the MTN. The Act incorporated into U.S. law the MTN agreements on countervailing and antidumping duties, customs valuation, government procurement produce standards, civil aircraft, agricultural agreements on meat and daily products, and liquor duties. In addition, it extended the President's authority to negotiate trade agreements with foreign

Term	Definition
	countries and reduce or eliminate nontariff barriers and required the President to reorganize executive agency trade functions and responsibilities. The Trade Agreements Act became effective on June 19, 1979, and has permitted the United States to carry out fully its obligations under the agreements.
Trade Creation	See Trade Diversion.
Trade Diversion	A shift in the source of imports which occurs as a result of altering a country's import policies or practices, without regard for any increase in importation of the item or items involved. For example, the establishment of a customs union will cause countries participating in the new economic unit to import goods from other countries in the union that previously were imported from countries outside the union. According to some trade theorists, if the "trade creation" resulting from the cutoms union – that is, the new trade taking place that would not have taken place othewise – exceeds the trade diversion, the customs union will raise welfare, because it will entail a more efficient allocation of resources.
Trade Expansion Act of 1962	The legislative authority for U.S. participation in the Kennedy Round of trade negotiations. The Trade Expansion Act of 1962 extended the President's authority to negotiate tariffs in the Kennedy Round of the Multilateral Trade Negotiations until June 1967, authorized the Adjustment Assistance Program, and authorized the appointment of the Special Representative for Trade Negotiations. Superseded by the Trade Act of 1979. See Adjustment Assistance Program and United States Trade Representative.
Trade Negotiatioons	See Round.
Transaction Value	See Valuation.
Transit Zone	A port of entry in a coastal country that is established as a storage and distribution center for the convenience of a neighboring country lacking adequate port facilities or access to the sea. It is so administered that goods in transit to and from the neighboring country are not subject to the customs duties, import controls, or many of the entry and exist formalities of the host country. A transit zone is a more limited facility than either the free trade zone or the free port. For comparison, see Free Port and Free Trade Zones.
Treaty of Rome	See European Community.
Treaty of Stockholm	See European Free Trade Association.
Trigger Price Mehanism	A system for monitoring the price of steel mill product imports to promote the elimination of injurious, unfair trade practices in steel. The TPM is based on the estimated landed costs of the world's most efficient producer (currently the Japanese) for imported steel. If a foreign producer sells steel in the United States below that price, formal antidumping proceedings may be initiated (triggered) by the Department of Commerce and the International Trade Commission. The system was introduced in

Term	Definition
	early 1978 and was suspended in March 1980, after the U.S. Steel Corporation filed broad antidumping petitions against seven European countries. In October 1980, the trigger pricing mechanism was reinstated, and the U.S. steel Corporation withdrew its antidumping petition. At that time, TPM was modified by (1) lengthening the period over which yen/dollar exchange rate is calculated to avoid distortions arising form short-run fluctuations, (2) introducing a number of procedural changes to improve the effectiveness of the TPM monitoring, and (3) adding a mechanism to deal with import surges that result in unfair competition.
Tropical Products	Traditionally, agricultural goods of export interest to developing countries in the tropical zones of Africa, Latin America, and East Asia (coffee, tea, spices, bananas, and tropical hardwoods).
TSUS	See Tariff Schedule of the United States.
U	
UNCTAD	See United Nations Conference on Trade and Development.
Unfair Foreign Competition	Such international trade practices as export subsidies, dumping, discriminatory shipping arrangements, bribery, and boycotts. See Boycott Dumping and Export Subsidies.
Unfair Trade Practices	Under Section 301 of the Trade Agreements Act of 1974, as amended, the President is required to take all appropriate action, including retaliation, to obtain the removal of any act, policy or practice of a foreign government which violates an international agreement or is unjustifiable, unreasonable, or discriminatory, and burdens or restricts U.S. commerce.
Unilateral	An action taken by a country acting singly and not dependent on, or conditional on, any action by another country.
United Nations Conference on Trade and Development (UNCTAD)	A quasi-autonomous body associated with the United Nations system, intended to focus special attention on international economic relations and measures that might be taken by developed countries to accelerate the pace of economic development in the developing countries. The conference was first convened in Geneva in 1964 (UNCTAD-I), and has been held quadrennially since that date (UNCTAD-II at New Delhi in 1968, UNCTAD-III at Santiago in 1972, and UNCTAD-IV at Nairobi in 1976). UNCTAD committees meet several times each year between the major conferences, supported by the permanent UNCTAD Secretariat based at Geneva.
U.S. International Trade Commission (USITC)	Formerly, the U.S. Tariff Comission, before its mandate was broadened by the Trade Act of 1974. An independent U.S. fact-finding agency whose six members and staff make determinations of injury and recommendations for relief for industries or workers seeking relief from increasing import competition. In addition, upon the request of Congress or the President or on its own initiative, the Commission may conduct

Term	Definition
	comprehensive studies of the probable economic effects upon specific U.S. industries that might result from proposed reduction in U.S. tariffs and nontariff trade barriers.
USTR	The United States Trade Representative is a Cabinet-level official with the rank of Ambassador who is the President's principal advisor on international trade and commodity policy. The primary international policy responsibilities include (1) expansion of U.S. exports; (2) matters concerning the General Agreement on Tariffs and Trade (GATT), including implementation of agreements negotiated in the MTN; U.S. Government positions on trade and commodity matters dealing with multilateral organizations and the protection of U.S. rights under international trade and commodity agreements; (3) to the extent permitted by law, overall U.S. policy with regard to unfair trade practices, including enforcement of countervailing measures and antidumping functions; (4) bilateral trade and commodity issues, including East–West Trade matters; (5) international trade issues, involving energy; (6) direct investment matters to the extent they are trade related; and (7) policy research on international trade, commodity, and direct investment matters. USTR also has lead responsibility for conducting all international trade negotiations. See Section II-A of the text.
V	
Valuation	The process of appraising the value of imported goods on which duties are assessed, according to the tariff schedule of the importing country. As a result of the MTN, many countries, including the United States, are shifting to a method of valuation, as prescribed by the customs valuation code, which is primarily based on transaction value. The term transaction value is a method of valuation which is based on the price actually paid or payable for the imported goods, with additions for costs, charges, and expenses incurred with respect to imported goods which are not reflected in the price. See also American Selling Prices, Customs Classification, and Tariff Schedule.
Value Added Tax (VAT)	An indirect tax assessed on the increase in value of goods from the raw material stage through the production process to final consumption. The tax to each processor or merchant is levied on the amount by which he has increased the value of items that were purchased by him or purchased by him for resale. This system is used in the European Community. See also Border Tax Adjustments.
Variable Levy	A tariff subject to alterations as world market prices change, the alternations being designed to assure that the import price after payment of duty will equal a predetermined "gate" price. The variable levy of the European Community – the best known example – equals the difference between the target price for domestic agricultural producers and lowest offers for imported commodities on a C.I.F. basis. The amount of the levy is adjusted daily for changes in the world market situation in the case of grains, fortnightly for dairy products, and quarterly for pork.
VAT	See Value Added Tax.

Term	Definition
Voluntary Restraint Agreements (VRA's)	Informal bilateral or multilateral agreements in which exporters voluntarily limit exports of certain products to a particular country in order to avoid economic dislocation in the importing country and the imposition of mandatory import restrictions. Such arrangements do not involve an obligation on the part of the importing country to provide "compensation" to the exporting country, as would be the case if the importing country unilaterally imposed equivalent restraints on imports. For comparison, see Orderly Marketing Agreements.
W	
Working Party	Another type of GATT subgroup established by the contracting parties on an ad hoc basis to study a particular facet of its work. Customarily, membership in a working party is specified on the basis of nationality with each country determining which individual will participate. Upon completion of their studies, working parties report back to the contracting parties or the council and may make recommendations on a course of action.
World Bank	See International Bank for Reconstruction and Development.
XYZ	
Yoaunde Convention	See Lomé Convention.

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